

INTERNATIONAL RELATIONS BUDGET FOR FISCAL YEAR 2009

HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

FEBRUARY 13, 2008

Serial No. 110-197

Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/>

U.S. GOVERNMENT PRINTING OFFICE

40-747PDF

WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FOREIGN AFFAIRS

HOWARD L. BERMAN, California, *Acting Chairman*

GARY L. ACKERMAN, New York	ILEANA ROS-LEHTINEN, Florida
ENI F.H. FALEOMAVAEGA, American Samoa	CHRISTOPHER H. SMITH, New Jersey
DONALD M. PAYNE, New Jersey	DAN BURTON, Indiana
BRAD SHERMAN, California	ELTON GALLEGLY, California
ROBERT WEXLER, Florida	DANA ROHRABACHER, California
ELIOT L. ENGEL, New York	DONALD A. MANZULLO, Illinois
BILL DELAHUNT, Massachusetts	EDWARD R. ROYCE, California
GREGORY W. MEEKS, New York	STEVE CHABOT, Ohio
DIANE E. WATSON, California	THOMAS G. TANCREDI, Colorado
ADAM SMITH, Washington	RON PAUL, Texas
RUSS CARNAHAN, Missouri	JEFF FLAKE, Arizona
JOHN S. TANNER, Tennessee	MIKE PENCE, Indiana
GENE GREEN, Texas	JOE WILSON, South Carolina
LYNN C. WOOLSEY, California	JOHN BOOZMAN, Arkansas
SHEILA JACKSON LEE, Texas	J. GRESHAM BARRETT, South Carolina
RUBÉN HINOJOSA, Texas	CONNIE MACK, Florida
JOSEPH CROWLEY, New York	JEFF FORTENBERRY, Nebraska
DAVID WU, Oregon	MICHAEL T. McCAUL, Texas
BRAD MILLER, North Carolina	TED POE, Texas
LINDA T. SÁNCHEZ, California	BOB INGLIS, South Carolina
DAVID SCOTT, Georgia	LUIS G. FORTUNO, Puerto Rico
JIM COSTA, California	GUS BILIRAKIS, Florida
ALBIO SIRES, New Jersey	ROBERT J. WITTMAN, Virginia
GABRIELLE GIFFORDS, Arizona	
RON KLEIN, Florida	
VACANT	

ROBERT R. KING, *Staff Director*

YLEEM POBLETE, *Republican Staff Director*

PETER M. YEO, *Deputy Staff Director*

GENELL BROWN, *Full Committee Hearing Coordinator*

CONTENTS

	Page
WITNESS	
The Honorable Condoleezza Rice, Secretary of State, U.S. Department of State	8
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable Ileana Ros-Lehtinen, a Representative in Congress from the State of Florida: Prepared statement	6
The Honorable Condoleezza Rice: Prepared statement	11
The Honorable Donald A. Manzullo, a Representative in Congress from the State of Illinois: Letter to the Honorable Condoleezza Rice, dated February 13, 2007, and responding letter from the U.S. Department of State	36
The Honorable Brad Sherman, a Representative in Congress from the State of California: CRS Report for Congress entitled “The Iran Sanctions Act (ISA)”	50
Table entitled “Foreign Investment in the Iranian Energy Sector”	57
APPENDIX	
Written responses from the Honorable Condoleezza Rice to questions submitted for the record by the Honorable Ileana Ros-Lehtinen	69
Written response from the Honorable Condoleezza Rice to question submitted for the record by the Honorable Diane E. Watson, a Representative in Congress from the State of California	111
Written responses from the Honorable Condoleezza Rice to questions submitted for the record by the Honorable Thomas G. Tancredo, a Representative in Congress from the State of Colorado	112
Written response from the Honorable Condoleezza Rice to question submitted for the record by the Honorable Rubén Hinojosa, a Representative in Congress from the State of Texas	114
Written responses from the Honorable Condoleezza Rice to questions submitted for the record by the Honorable Mike Pence, a Representative in Congress from the State of Indiana	115
Written responses from the Honorable Condoleezza Rice to questions submitted for the record by the Honorable Brad Sherman	117
Written response from the Honorable Condoleezza Rice to question submitted for the record by the Honorable Gus Bilirakis, a Representative in Congress from the State of Florida	121
Written responses from the Honorable Condoleezza Rice to questions submitted for the record by the Honorable Steve Chabot, a Representative in Congress from the State of Ohio	123
Written response from the Honorable Condoleezza Rice to question submitted for the record by the Honorable Joe Wilson, a Representative in Congress from the State of South Carolina	124
Written responses from the Honorable Condoleezza Rice to questions submitted for the record by the Honorable Jim Costa, a Representative in Congress from the State of California	125
Written responses from the Honorable Condoleezza Rice to questions submitted for the record by the Honorable Ron Klein, a Representative in Congress from the State of Florida	129
The Honorable Gene Green, a Representative in Congress from the State of Texas: Prepared statement	132

IV

	Page
The Honorable Sheila Jackson Lee, a Representative in Congress from the State of Texas: Prepared statement	133

INTERNATIONAL RELATIONS BUDGET FOR FISCAL YEAR 2009

WEDNESDAY, FEBRUARY 13, 2008

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 2 o'clock p.m., in room 2237, Rayburn House Office Building, Hon. Howard L. Berman (chairman of the committee) presiding.

Chairman BERMAN. The meeting will come to order.

It is with real sadness and profound regret that I open this committee's review of the Administration's international affairs budget request for Fiscal Year 2009. I had hoped that our departed friend and colleague, Chairman Tom Lantos, would take the gavel in hand to guide us.

Before we engage in this process, I'd like to ask everyone here today to stop and reflect on the man who, for the last year, has led our efforts to hold the executive branch to account, while also holding together this committee's respected tradition of bipartisan cooperation—even when we disagree.

The last three days have brought a cascade of tributes to our late friend, Tom Lantos—so many fine words, coming from every quarter and corner of the world. They are the heartfelt outpourings of the mighty and the small, heads of state and the humble, too, along with legions of Tom and Annette Lantos' fellow laborers in the vineyard of human rights.

Tom would have appreciated the eloquence of these countless accolades; he was so very well-spoken himself. He would have reveled in the recognition of his hard work and that of his loving wife to build and to maintain the Congressional Human Rights Caucus over the last 24 years. And he would have been gratified, yet humbled, by the sweeping accounts of his legislative achievements in fields as diverse as nuclear nonproliferation, environmental protection and international scholarly exchange.

And of course, history will remember Tom for his unwavering support of Israel and the United States-Israel relationship. His life experience instilled in him a deep and abiding commitment to that tiny state, an island of democracy and a true partner of our country. In so many different ways, Tom worked to strengthen Israel's security, to ensure its survival and to solidify United States support for its people. These are clearly priorities and commitments that many of us on the committee share, but none with greater eloquence and passion than Tom.

So please join me in a moment of silence to remember our friend and cherished colleague, the late and much-loved chairman of this committee and a moral force whose voice will be terribly missed, Congressman Tom Lantos of California.

[Moment of silence.]

Chairman BERMAN. Thank you.

Finally, Chairman Lantos attracted a wonderful staff, both in his personal office and on this committee. Their long service and outstanding work bear testament to his leadership. I want to express my condolences to them as well as his family.

And now on to the business at hand, in the bipartisan spirit of rigorous and responsible oversight befitting the memory of Chairman Lantos.

Madame Secretary, I strongly support the administration's overall international affairs budget request for Fiscal Year 2009. It surpasses current spending by nearly \$3 billion, a welcome turn of events.

In his 2002 National Security Strategy, President Bush elevated the importance of diplomacy and development to be on par with defense. Nobody believes they will be funded equally, but we should strike a better balance than we now have. The budget that funds the State Department and the U.S. Agency for International Development (USAID) absolutely pales in comparison to what is requested for the Department of Defense.

The irony in this imbalance is that the international affairs budget contributes directly to U.S. national security. The programs it funds help fight terrorism, prevent the proliferation of nuclear weapons and enhance the safety of our Embassies around the world.

This budget also funds an array of vital programs to promote democracy, human rights and the rule of law; to assist U.S. business abroad; and to provide critical assistance for those suffering from extreme poverty in the poorest places in the world. And yet this budget typically comprises just over 1 percent of total Federal spending.

The new budget request starts to address the reality that we have been far too slow to face: Our civilian agencies are woefully unprepared to handle the unprecedented global security challenges confronting the United States today.

Here's just one example of that: A study just released by the RAND Corporation shows that despite the common notion that civil capabilities and military power are equally important to counterinsurgency operations overseas, the meager and infrequent bump-ups in the State Department's budget have been "dwarfed" by massive increases in Pentagon spending. The report goes on to note, and I'm quoting here: "If Islamic insurgency is the gravest threat to the United States and its interests in the near to middle term, and if countering this insurgency requires a broad and balanced array of capabilities, the grim implication is that the United States is ill equipped to counter the gravest threat it faces." It goes on to say that we "must invest to correct (these) deficiencies and imbalances."

With increasing frequency, our men and women in uniform have been filling the gap in civilian capacity in our reconstruction and

stabilization projects overseas. Combatant commanders and field artillerymen are building schools and mentoring city councils—usually without the needed language skills or long-term training for this ambitious work. However, as Secretary of Defense Gates has aptly observed, “It is no replacement for the real thing—civilian involvement and expertise.” The need for this expertise will only become more pronounced as many experts agree that the United States will be engaged in more, not fewer, operations that affect our national security.

Madame Secretary, I’m also concerned that the increased funding for what has come to be known as “transformational diplomacy” has been taken out of the hide of another significant area of the international affairs budget—peacekeeping.

The request for the peacekeeping account is based on overly optimistic assumptions, and is absurdly low. At \$1.5 billion, the Fiscal Year 2009 request is \$800 million below what the administration is spending on U.N. peacekeeping this year. With the ramp-up of the U.N. mission in Darfur, the situation in Chad, and the anticipated need to sustain robust forces in Lebanon, Congo, Liberia, southern Sudan, Ivory Coast, and Haiti, we can anticipate a sharp increase in the overall U.N. peacekeeping budget and the operations that support so many U.S. interests.

Madame Secretary, we look forward to hearing from you about how the Department of State intends to meet all of our country’s foreign policy responsibilities, from stabilization to peacekeeping to increasing the diplomatic ranks.

And before I turn to Ms. Ros-Lehtinen, I want to acknowledge our newest colleague, Mr. Rob Wittman of Virginia. As we all know, Mr. Wittman recently joined the House after the special election for the seat occupied by our colleague and former member of this committee, Ms. Jo Ann Davis. I want to extend a warm welcome from all our members on this side of the aisle to Mr. Wittman. Welcome.

And now I yield to my friend, the distinguished ranking member, Ms. Ros-Lehtinen.

MS. ROS-LEHTINEN. Thank you so much, Mr. Chairman, and let me start also by expressing our great sadness at the loss earlier this week of our beloved chairman and a great friend to all, Tom Lantos. And I know that he enjoined a warm friendship with Madam Secretary as well. We all knew Tom to be a gracious man of great courage, a national leader of unimpeachable character. He was loved and respected on both sides of the aisle. He set a high standard for himself and devoted himself to making the world a better place than the one he found, and we will surely miss him. And thank you, Mr. Chairman, for the statements that all of us made last night and we look forward to the wonderful celebration of Tom’s life tomorrow at 10 a.m. in Statuary Hall.

Turning to today’s hearing, Mr. Chairman, there are certainly many troubling developments in the present that concern us all, but I would like to note a few that are of particular importance to me.

Nuclear proliferation. Heading the list on this topic is the accelerating spread of the capacity to make nuclear weapons, and nowhere is this more dramatic than in the Middle East, where coun-

try after country have expressed their intent to pursue their own nuclear program. Virtually none of the projects can be justified in terms of economic terms, and it defies logic to attribute this sudden rush to a new found concern over global warming. The threat to the world's security is obvious. In an age where the nuclear fuel in a typical reactor can be used in so-called dirty bombs, even the full range of international controls and inspections cannot provide an acceptable margin of safety. It is critically important that the United States and other countries, especially France and Russia, which have been so active in promoting their nuclear ties to Iran, pause and consider the consequences of development in this region before agreeing to bilateral nuclear cooperation agreements with all of those countries in the region.

In North Korea, Mr. Chairman and Madam Secretary, our current efforts to persuade that country to give up its nuclear weapons program have encountered one obstacle after another. I believe that we are in danger of repeating the errors of the past. It surprises me greatly to point to Libya as a guide for anything, but our success in ridding that country of unconventional weapons provides some useful and timely lessons. And our success, led by Chairman Tom Lantos, was rooted in a reviewed compromise with the regime until it first completely and verifiably dismantled, not suspended, dismantled its chemical, biological, and nuclear weapons facilities. Only after it had stopped to threaten the world did the U.S. begin to remove the sanctions and offer it any sort of legitimacy. Given this example we have got to be careful in our approach to the regime in North Korea and take full note of Admiral McConnell's judgment regarding North Korea's intentions.

Last week he said that he has told the Senate Intelligence Committee while Pyongyang denies a program for uranium enrichment and they deny proliferation activities, we believe that North Korea continues to engage in both. He further noted we remain concerned that North Korea could proliferate nuclear weapons abroad.

So, Madam Secretary, I reiterate previous commitments that my colleagues and I have made of the administration to provide a full briefing for members of this committee and for Congress as a whole, not just from the six party talks, but also on the reported Israeli strike on a Syrian facility with suspected North Korean ties, and we look forward to a positive response on this request.

And of course Iran's determination to lay the foundation for a nuclear weapons program poses the greatest threat to the world's security. We thank you, Madam Secretary, for your efforts to persuade members of the U.N. Security Council to strengthen sanctions against the regime in Tehran. The provision in the current draft of the Security Council resolution encouraging active measures by all countries to prevent their citizens and their businesses from supporting Iran's nuclear missile program is very welcome.

Another important provision is the one relating to the inspection of cargo bound for Iran. This parallels the administration's very successful PSI, Proliferation Security Initiative, that has steadily increased its effectiveness over the past few years. We have intercepted vessels carrying materials for proliferation concerns. And I hope that this new U.N. mandate will have the same impact, the same affect that the enforcement of sanctions against Iran.

Then currently those sanctions that are being undermined, for example, by the transshipment of banned goods through the UAE (United Arab Emirates), among other countries, and for that reason I and several other members of this committee have sent a letter to Director McConnell asking for an assessment of the effectiveness of UAE's export control regime, especially regarding Iran.

On China and Russia, they continued to engage in policies that help Iran's nuclear missile program and they have become a major arms merchant in the region. I urge you, Madam Secretary, to make it clear again to the Russian and Chinese Governments, including to the implementation of full range of United States laws, that we regard these shipments to be a direct threat to our interests.

On the China Olympics, Madam Secretary, although some see Beijing as becoming a responsible stakeholder in an international system, China's actions demonstrate something completely different, and I regret that the Olympics are being held in the capital of a country that does not respect the human rights of its own population, and it is dangerous to Americans as well. I hope that you consider issuing a travel advisory to warn United States citizens traveling to Beijing about the Chinese regime's actions against anyone who is expecting support for democracy.

On the broader issue of Darfur, Madam Secretary, thank you for selecting Ambassador Williamson as our new Special Envoy. I have had the opportunity of meeting with him, and I hope we can make progress regarding the deployment of the hybrid force.

And turning lastly to our hemisphere, many of us are increasingly concerned about Iran's growing presence and influence throughout the region, especially its cooperation with Cuba and Venezuela. In my letter to you last week, Madam Secretary, I requested that the administration investigate whether a recently reported petrochemical sector agreement between the Governments of Venezuela and Iran violates United States law. Since that letter was sent, I have learned that a Venezuela-owned bank, Banco Industriale de Venezuela, headquartered in Caracas, has been operating branches in my district, and Miami and Havana and Tehran, and I ask that any investigation be expended to include this new information to make sure that United States laws concerning Iran and Cuba are fully enforced.

On the issue of Afghanistan and Pakistan, we know about the ceasefire. How does this fit into the bilateral counterterrorism efforts and what does it mean when viewed within the context of Monday's capture of the Taliban militia leader?

We have a pending issue about United States victims of Palestinian terrorism, and so far the PA and the PLO have refused to pay the judgments of those U.S. victims. And recent reports indicate the State Department may issue a statement in favor of the PA efforts to avoid paying hundreds of millions of dollars in judgments won by American victims in U.S. courts. And I would hope that that would not happen.

Thank you for your help with PEPFAR and with the Civilian Response Corps bill. I know that those are two issues that are very important to you. And Mr. Berman, our chairman, has been helpful in trying to get an agreement concerning PEPFAR. I hope that we

are able to do that, and I thank the chairman for his willingness to keep that conversation and that dialogue going. And I would appreciate that hearing from you about PEPFAR and the counselor corps as well.

And thank you to Rob Wittman. Welcome. Thank you, Mr. Chairman.

[The prepared statement of Ms. Ros-Lehtinen follows:]

PREPARED STATEMENT OF THE HONORABLE ILEANA ROS-LEHTINEN, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Madame Secretary, welcome.

Let me start by expressing our great sadness at the loss earlier this week of our beloved Chairman and colleague, Tom Lantos.

Tom was a gracious man of great courage, a natural leader of unimpeachable character who was loved and respected on both sides of the aisle.

He set a very high standard for himself and devoted himself to making the world a better place than the one he found. We will miss him.

We look forward to the wonderful celebration of the Chairman's life tomorrow.

Turning to today's hearing, there are many troubling developments in the present that concern us all, but I would like to note a few that are of particular importance to me.

NUCLEAR PROLIFERATION

Heading the list is the accelerating spread of the capacity to make nuclear weapons.

Nowhere is this more dramatic than in the Middle East where country after country, expressed their intent to pursue their own nuclear programs.

Virtually none of these projects can be justified in economic terms, and it defies logic to attribute this sudden rush to a new-found concern over global warming.

The threat to the world's security is obvious.

In an age when the nuclear fuel in a typical reactor can be used in so-called "dirty bombs," even the full range of international controls and inspections cannot provide a margin of safety.

It is critically important that the U.S. and other countries, especially France and Russia, which have been active in promoting their nuclear ties in the region, pause and consider the consequences of this development in this region, before agreeing to bilateral nuclear cooperation agreements with all these countries.

NORTH KOREA

In North Korea, our current effort to persuade that country to give up its nuclear weapons program has encountered one obstacle after another. I believe we are in danger of repeating the errors of the past.

It surprises me greatly to point to Libya as a guide for anything, but our success in ridding that country of unconventional weapons provides some useful and timely lessons.

And our success led by our Chairman Tom Lantos, was rooted in a refusal to compromise with the regime until it first, completely and verifiably, dismantled—not suspended—but dismantled its chemical, biological, and nuclear weapons facilities.

Only after it ceased to threaten the world did the U.S. begin to remove the sanctions and offer it any sort of legitimacy.

Given this example, we have to be careful in our approach to the regime in North Korea and take full note of Admiral McConnell's judgment regarding North Korea's intentions.

Last week, in his annual threat assessment to Congress, Admiral McConnell, Director of National Intelligence, told the Senate Intelligence Committee that "while Pyongyang denies a program for uranium enrichment, and they deny their proliferation activities, we believe North Korea continues to engage in both."

He further noted: "We remain concerned North Korea could proliferate nuclear weapons abroad."

I reiterate previous requests my colleagues and I have made of the Administration to provide a full briefing for Members of this Committee, and for Congress as a whole, not just on the Six-Party Talks, but also on the reported Israeli strike on a Syrian facility with suspected North Korea ties.

We look forward to a positive response on these requests.

IRAN

Of course, Iran's determination to lay the foundation for a nuclear weapons program poses the greatest threat to the world's security.

We thank you Madame Secretary for your efforts to persuade members of the UN Security Council to strengthen sanctions against the regime in Tehran.

The provision in the current draft Security Council resolution encouraging active measures by all countries to prevent their citizens and businesses from supporting Iran's nuclear and missile program is particularly welcome.

Another important provision is the one relating to the inspection of cargo bound for Iran.

This parallels the Administration's very successful PSI, Proliferation Security Initiative, that has steadily increased its effectiveness over the past few years in intercepting vessels carrying materials of proliferation concern.

I hope this new UN mandate will have the same impact regarding the enforcement of sanctions against Iran.

IRAN/UAE

Currently, those sanctions are being undermined, for example, by the transshipment of banned goods through the United Arab Emirates, among other countries.

For that reason, I and several other Members of this Committee have sent a letter to Director McConnell asking for an assessment of the effectiveness of UAE's export control regime, especially regarding Iran.

Unfortunately, the problem is not simply with the UAE.

The efforts of responsible nations to pressure the Iranian regime to cooperate with the UN and the International Atomic Energy Agency, have been significantly undermined by China and Russia.

CHINA/ RUSSIA

China and Russia continue to engage in policies that assist Iran's nuclear and missile programs, and have also become major arms merchants in the region.

I urge you to make clear to the Russian and Chinese governments—including through the implementation of the full range of U.S. laws that we regard these arms shipments to be a direct threat to our interests and to global peace and security.

CHINA OLYMPICS

Although some see Beijing as becoming a responsible "stakeholder" in the international system, China's actions demonstrate something completely different.

I regret that the Olympics are being held in the capital of a country which does not respect the human rights of its own population.

But there are potential dangers to Americans as well.

The State Department should consider issuing a travel advisory to warn U.S. citizens traveling to Beijing about the Chinese regime's actions against anyone expressing support for democracy, for human rights in Tibet, or for religious freedom, especially for the heavily persecuted members of Falun Gong.

What steps is the U.S. prepared to take if such expressions of support result in beatings, imprisonment, and worse for U.S. citizens?

DARFUR

On the broader issue of Darfur, that you in selecting Ambassador Williamson as our new Special Envoy, I've had the opportunity to meet with him, and hope that we can make progress regarding the deployment of the hybrid force, toward an expeditious end to the genocide in Darfur.

But we must fully implement our Sudan divestment laws and convince other responsible nations to cease investments and activities that only serve to prop up the Sudanese regime.

IRAN/VENEZUELA/CUBA

Turning to the Hemisphere, many of us are increasingly concerned about Iran's growing presence and influence throughout the region, especially its cooperation with Cuba and Venezuela.

In my letter to you of last week, I requested that the Administration investigate whether a recently reported petrochemical sector agreement between the governments of Venezuela and Iran violates U.S. law.

Since that letter was sent, I have learned that a Venezuelan-owned bank, Banco Industrial de Venezuela (BIV), headquartered in Caracas, has been operating branches in Miami, Havana, and Teheran.

For that reason, I ask that any investigation be expanded to include this new information to ensure that U.S. laws concerning both Iran and Cuba are fully enforced.

AFGHANISTAN/ PAKISTAN

Turning to South Asia, I would ask you to comment on reports that:

- the Pakistani government has negotiated a ceasefire with Islamic militants who are active supporters of al Qaeda and the Taliban,
- how this fits into our bilateral counter-terrorism efforts, and
- what does it mean when viewed within the context of Monday's capture of Taliban militia leader Mansoor Dadullah (MAN-SEWER) (DAH-DUH-LA).

Further, what types of assurances have we received from the Pakistani government to ensure that Monday's election there is "fair, transparent and peaceful"?

U.S. VICTIMS OF PALESTINIAN TERRORISM

Madam Secretary, turning to issues involving victims of terrorism, there are currently a number of U.S. court judgments issued against the Palestinian Authority (PA) and the PLO for their involvement in the terrorist attacks that killed U.S. citizens in Israel.

So far the PA and the PLO have refused to pay these judgments, arguing that U.S. courts have no jurisdiction over them.

Now, recent reports indicate that the State Department may issue a statement in favor of the PA efforts to avoid paying hundreds of millions of dollars in judgments won by American victims in U.S. courts.

I would hope that would not happen.

PEPFAR/ CIVILIAN RESERVE CORPS BILLS

In terms of pending legislation before our Committee is the Administration's request for authority to create a Civilian Response Corps.

Thank you for your efforts on the Civilian Response Corps and on PEPFAR, I know these are important issues to you.

I look forward to working with Mr. Berman toward a resolution of the PEPFAR bill as well.

I am gratified that we have been able to reach an agreement with the Majority which provides you and the President the necessary authorities to carry out this proposal.

I appreciate the opportunity to outline some issues of particular importance to me and thank you for your service.

Chairman BERMAN. Thank you, Ms. Ros-Lehtinen. Now we expect there will be votes around 3 o'clock, so let's go to your testimony and then under the procedures that have been established from the committee, members will get to question you in the order that they—the ones here at the time of the gavel first. Madam Secretary.

STATEMENT OF THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE

Secretary RICE. Thank you very much, Mr. Berman. Thank you very much, Ranking Member Ros-Lehtinen. Is it now on?

Ms. ROS-LEHTINEN. A little closer.

Secretary RICE. It's on.

Chairman BERMAN. Closer, I think.

Secretary RICE. We are having technical problems. Is it now working? No. Do we have another mike or I can try to speak very loud. Does that help?

Chairman BERMAN. Darned if I know what to do.

Secretary RICE. It is working for the stenographer.

Ms. ROS-LEHTINEN. We can hear you.

Secretary RICE. All right. Shall I proceed, Mr. Chairman?

Chairman BERMAN. Yes.

Secretary RICE. All right. First of all, let me join you in expressing my great sadness at the loss of our good friend and colleague, Congressman Tom Lantos. Not only has he been a friend and a mentor here in Washington, he is someone that I knew during my time as a professor at Stanford. And I think it is fair to say he was a true American hero. He really represented all that is best in our country. He is going to be greatly missed. I feel personally that I have lost a great and inspirational mentor and we have certainly all lost a very good friend. And to his wonderful family and all of his colleagues, my condolences.

Mr. Chairman, with your permission I have a longer statement which I will ask to be entered into the record.

Chairman BERMAN. Without objection.

Secretary RICE. I will make a few remarks. I want to thank you for the opportunity to appear before the committee today in support of the President's Fiscal Year 2009 international affairs budget request. This is the last time that I will come to the committee as Secretary of State for a budget.

I want to thank you very much for the excellent support that this committee has provided to the Department of State. Even if we have not always agreed on matters of policy, we have certainly been able, in a spirit that would have made the founders very proud, to have our differences but to continue to promote the values and the interests of the United States for a freer and more prosperous world.

I want to note in particular that we have made a lot of progress over the last several years, and I very much attribute that to the bipartisan support of the Department's authorizations and Appropriations Committees.

We have been trying to rebuild the capability of the State Department on the civilian side. I think we all recognize the 1990s was a time of perhaps cashing in on a peace dividend that turned out on the morning of 2001 to show us it had been premature to think about a peace dividend. In fact, thanks to the help of this committee, we have been able to increase foreign assistance by doubling resources for Latin America, tripling them worldwide, and quadrupling support for Africa.

We have had important initiatives—the President's emergency program for HIV/AIDS, for malaria. We have had the innovative new approach of the Millennium Challenge Corporation, which has helped us to reward the work of governments that are trying to govern wisely and to invest in their people. We of course have increased significantly the resources going to public diplomacy. Public diplomacy is going to have to be rebuilt over an extended period of time, but I think we have made great progress.

We have increased again the number of foreign students who are studying in this country. After September 11th those numbers collapsed to very low numbers, and I think that those of us who look for the long term know that when students from abroad get to know us and spend time here and when our students get to go

abroad, that is really the very best way for people to get to know America and to spread our values.

We have also made important changes to the way that the Department operates, and I made the decision that we needed to change and redeploy our people out of—many of them out of Europe and into growing places like India, Brazil and China. It was a fact that we had as many—almost as many—Foreign Service officers in Germany as we had in India. It seemed important to have that redeployment. But even with those redeployments, it is absolutely the case that the Foreign Service is too small.

Secretary Powell was able to redress some of the problems of the freezes in hiring that happened in the 1990s by increasing over 4 years 2,000 Foreign Service officers. The President in this budget has asked for approximately 1,100 Foreign Service officers, as well as 300 people for USAID. I think it is very important that we rebuild our civilian strength.

In that regard, we are asking our men and women to do things that were perhaps not expected for the Foreign Service. They are working on provincial reconstruction teams in Iraq and Afghanistan, supporting local and provincial development, that I think is paying dividends in the stabilization of those countries. They are working far away from capitals in remote areas, delivering assistance, helping people to develop. In that regard the request that we fund fully the Civilian Response Corps, to which Congresswoman Ros-Lehtinen referred, is really for us a major step forward in restructuring the way that we think about reconstruction and development.

I think it is fair to say that in a post-conflict society situation, we have tried it one way, as in Afghanistan, in which was what I will refer to as the “adopt a ministry” approach with many, many countries being involved. We appreciate very much that a lot of countries were involved, but frankly we are still paying for some of the incoherence of that effort.

In Iraq we tried to do reconstruction by putting it under a single department, the Defense Department. Everybody there would say we were not fully able to mobilize the civilian capabilities that were needed for reconstruction. The truth is we really did not have either in any department or in the U.S. Government as a whole an institution that could really deal with post-conflict stabilization. And yet whether it is the major efforts in places like Iraq or Afghanistan or smaller efforts in places like Liberia or Haiti, or Cuba, where we hope one day to help reconstruct a democratic state, it is going to be necessary that we have the civilians who can do that. The Civilian Response Corps will allow Americans to dedicate themselves for a year or so to taking their skills in city planning, law, or health and to help to spread prosperity. The final point that I would like to make is that, very clearly, this administration has focused very heavily on the importance of uniting our interests and our values. While sometimes people may think that our values and our interests are in conflict in the short term, I am a deep believer that they can never be in conflict in the long run. If America does not stand for freedom and for liberty, for human rights, for the rights of the oppressed, and if we don’t believe that there is no corner of the Earth which should be condemned to tyr-

anny, then nobody will. Our ability to use our foreign assistance to structure our foreign policy in a way that can help to spread those benefits is not only our moral obligation and shows a compassionate side of America, but it is clearly deeply in our interest and makes us more safe in the long run.

So thank you very much over the years for the support of this committee, and I am very pleased to take your questions.

[The prepared statement of Secretary Rice follows:]

PREPARED STATEMENT OF THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF
STATE, U.S. DEPARTMENT OF STATE

Mr. Acting Chairman Berman, Ranking Member Ros-Lehtinen, Members of the Committee:

Thank you for this opportunity to appear before the Committee today in support of the President's FY 2009 international affairs budget request, and to discuss our nation's foreign policy priorities. This is the fourth time I have come before this committee to discuss and defend the international affairs budget. As you know, this is the last budget I will present to you in my capacity as Secretary of State. I want to take this occasion to thank the Committee, and especially the Chairman and Ranking Member, for their support and cooperation on many of the issues we addressed here in the past three years, and to let you know that this Administration is committed to a vigorous foreign policy during our remaining eleven months. We have many critical issues before us and we intend to press forward our national interests on all fronts. I look forward to working with the Committee to do just that.

I would like to take a moment to ask you to act quickly on the balance of funding requested in the FY 2008 Global War on Terror Supplemental. These additional resources are critical to the Department's continued diplomatic operations in Iraq. The Supplemental also addresses critical security and construction requirements in Afghanistan, support for international organizations functioning in Iraq and Afghanistan, and peacekeeping missions in Darfur as well as other urgent humanitarian and foreign assistance efforts. This funding is necessary to our on-going diplomatic mission and I ask for your support.

FY 2009 STATE OPERATIONS REQUEST

Let me begin by discussing our request for Department of State operations. This request funds the platform on which we build our foreign policy activities, including diplomacy and foreign assistance, around the world.

The FY 2009 budget for Department of State Operations totals \$11.456 billion. These funds will significantly strengthen the core programming, policy, and management capabilities of the Department which are necessary to carry out vital U.S. diplomatic and consular relations with more than 180 countries. They will also support strategic U.S. engagement abroad through public diplomacy and multilateral diplomacy.

Diplomatic Solutions to National Security Issues

The request provides \$3.806 billion to increase the capacity of American diplomacy to meet challenges to U.S. national security and welfare in the international arena where power is defined increasingly in economic and financial terms and where transnational threats like terrorism, disease, and drug trafficking have become urgent. The requested funding will strengthen the global operating platform for the U.S. Government and add 1095 new positions. These new positions will allow us to expand training in much-needed skills, including in critical foreign languages. The positions will also increase the number of Political Advisors to the military combatant commands, enhance interagency collaboration, and allow Department employees to take advantage of interagency development and training opportunities. Increased interagency cooperation is a valuable means to advance our diplomacy, but we need sufficient numbers of trained personnel to execute complex, coordinated efforts abroad. Building the Department's capacity to fill this role is my highest priority and I ask for your strong support.

The request also includes funding, as in previous years, for Foreign Service Compensation Reform, which would eliminate the pay disincentive caused by the loss of locality pay upon transfer to foreign assignments. When the government instituted locality pay in the 1990s, it did not include Foreign Service employees working abroad. As a result, when officers transfer to overseas assignments, they lose the locality portion of their pay. With the Washington D.C. rate now equal to approxi-

mately 20% of employee compensation, this loss severely undermines the salaries of officers assigned abroad. Moreover, this sizable and growing disincentive undermines our ability to attract talent and reward sacrifice. Diplomacy is a difficult, sometimes dangerous business, and the sacrifices made by Foreign Service officers and their families are real. In implementing Senior Pay Reform, we were able to eliminate this disincentive for our senior members of the Foreign Service, but the problem remains—and is more acute—for our mid-level and junior officers. I am asking that you provide the necessary authorization requested by the Administration to address this problem by enabling a transition to a performance-based pay system and a global rate of pay.

Civilian Stabilization in Post-Conflict States

The request provides \$249 million, including funding for 351 positions, in a new appropriation, the Civilian Stabilization Initiative, to build a U.S. government civilian capacity that can assist in reconstruction and stabilization efforts in post-conflict states. The requested funding will support, train, equip, and deploy an interagency civilian response corps comprised of interagency Active and Standby components and a Civilian Reserve of outside experts. This effort will provide mission-ready experts in fields such as policing and the rule of law, transitional governance, and economic stabilization and development. The request will also fund the personnel and operating expenses of the Office of the Coordinator that provides Washington leadership to whole-of-government strategic planning, analysis, policy direction, and coordination of USG reconstruction and stabilization activities. The CSI complements our request for additional personnel and has the strong support of the Department of Defense. This is a high priority and we need to get this accomplished.

Protecting America's Borders

The FY 2009 budget provides \$2.124 billion for the Border Security Program. This program helps secure American borders against illegal entry by terrorists and others who threaten homeland security. At the same time, it facilitates the entry of legitimate foreign visitors and students. Revenue from Machine Readable Visa (MRV) fees, Enhanced Border Security Program fees, the Western Hemisphere Travel Surcharge, and visa fraud prevention fees will fund continuous improvements in systems, processes, and programs. The fees will also fund 448 additional positions required to address rising passport demand associated with the Western Hemisphere Travel Initiative and rising visa demand, including increases related to Border Crossing Card renewals.

Providing Secure Diplomatic Facilities

The request provides \$1.163 billion for Worldwide Security Protection to increase security for diplomatic personnel, property, and information in the face of international terrorism. The funding will extend the program to upgrade security equipment and technical support, information and systems security, perimeter security, and security training. This funding will also support the worldwide local guard force protecting diplomatic missions and residences. Funding increases will help meet new security demands in all regions and implement the Visa and Passport Security Strategic Plan to safeguard the integrity of U.S. travel documents. Because people continue to be the single most important factor in deterrence and response to terrorist acts, the funding will add 200 security professionals.

The request provides \$1.790 billion to continue security-driven construction projects and to address the major physical security and maintenance needs of U.S. embassies and consulates. This total includes \$844 million for the Capital Security Construction Program to replace diplomatic facilities at the most vulnerable overseas posts. FY 2009 proposed projects include new embassy compounds in Santo Domingo, Dakar, Maputo, and Malabo. During the fifth year of Capital Security Cost Sharing (CSCS), U.S. government agencies with personnel abroad under chief of Mission authority will contribute \$455 million to CSCS construction. The request also includes \$105 million to upgrade compound security at high-risk posts and to increase protection for soft targets such as schools and recreation facilities. In addition, the request includes \$841 million for ongoing operations, including major rehabilitations. These programs are essential to protect the investment in real estate assets which are currently valued at over \$14 billion and to keep more than 15,000 properties in good working order.

Influencing Foreign Opinion through Public Diplomacy

The request provides \$395 million in appropriations for public diplomacy to influence foreign opinion and win support for U.S. foreign policy goals, including through providing 20 new public diplomacy positions. In addition to advocating U.S. policies, public diplomacy communicates the principles that underpin them and fosters a

sense of common values and interests. Objectives of the national public diplomacy strategy include promoting democracy and good governance, marginalizing extremist leaders and organizations, and preventing extremist messaging from gaining a foothold with vulnerable populations. Through innovative programs we are providing positive alternatives for Muslim youths, and helping build networks among progressive-minded Muslims, in many cases working in partnership with the private sector, civil society and academia. We also place a high priority on modernizing our communications architecture to strengthen our leadership in the war of ideas and sharpen our messaging to counter terrorist propaganda.

Exchange Programs

The request provides \$522 million and 19 positions for educational and cultural exchanges to increase mutual understanding and to engage the leaders of tomorrow. Aligned with other public diplomacy efforts, these people-to-people programs are uniquely able to address difficult issues. The request includes increased funding for academic and professional programs to reach constituencies vital for America—youth and those who influence youth. The programs include English language, Fulbright, and other academic initiatives, and Citizens Exchanges, within the President's Partnership for Latin American Youth. The funding will also continue to support the President's National Security Language Initiative, promoting teaching and study of critical foreign languages, including the Arabic, Chinese, Korean, and Russian languages, and the Indic, Turkic, and Persian language families.

Information Technology

The request provides \$414 million for State's Central Fund, including revenue from fees, for Central Fund investments in "knowledge management" and information technology (IT). The ability of the Department to support transformational diplomacy, information sharing, rightsizing efforts, and E-Government initiatives depends increasingly on robust, secure IT. Funding increases in FY 2009 will help support the State Messaging and Archive Retrieval Toolset project, diplomacy through collaboration, and IT infrastructure that provides American diplomats with anytime/anywhere computing.

Multilateral Diplomacy

The request provides \$1.529 billion to pay U.S. assessed contributions to 47 international organizations, including the United Nations. The request includes payments to address outstanding U.S. arrears to international organizations. The request recognizes U.S. international obligations and reflects a commitment to maintain the financial stability and efficiency of those organizations. Membership in international organizations assists in building coalitions and gaining support for U.S. policies and interests. Further, multilateral diplomacy through such organizations serves key U.S. foreign policy goals, including advancing democratic principles and fundamental human rights, promoting economic growth through free trade and investment, settling disputes peacefully, encouraging non-proliferation and arms control, and strengthening international cooperation in environment, agriculture, technology, science, education, and health.

International Peacekeeping

The request provides \$1.497 billion to pay the U.S. share of costs for UN peacekeeping missions. This funding will help support peacekeeping efforts worldwide, including the activities of ongoing missions in Lebanon, Haiti, Liberia, and the Congo. Proposed funding increases will also pay U.S. assessments for new missions in Darfur and Chad. These peacekeeping activities further U.S. goals by maintaining peace and strengthening regional confidence and stability. They also leverage U.S. political, military, and financial assets through the participation of other states that provide funds and peacekeepers for conflicts around the world.

FY 2009 FOREIGN OPERATIONS REQUEST

Let me turn now to our foreign assistance request. The total State Department and USAID Foreign Operations request for FY 2009 is \$22.7 billion. These funds support the strategic purposes of our diplomacy: securing peace, supporting democracy, advocating our principles and ideals, meeting global challenges, and aiding our friends and allies.

War on Terror

Fighting and winning the War on Terror remains the greatest challenge to our national security, and it will continue to be the focus of our military and diplomatic efforts as long as extremist ideologies and their proponents find safety and support in unstable and failing states. We have made enormous strides in diplomatic and

foreign assistance efforts in Iraq and Afghanistan, which are notable for their successes even as we recognize the daunting work that remains. We credit our progress in these countries to many who have struggled there, to our military and our diplomats, to the international community, to our counterparts in the military and government in these countries, and to the citizens in Iraq and Afghanistan who recognize and are fighting for the full benefits of freedom.

Iraq

Our engagement with Iraq remains a centerpiece of the United States' effort in the War on Terror.

The Administration's FY 2009 requests of \$404 million in foreign assistance funding and \$65 million in operations funding are critical to meet these goals. Of this total, \$300 million in Economic Support Funds will help consolidate the security gains realized in 2007 and 2008, and will increase the capacity of local and national Iraqi Governments (\$75 million) to provide services for their population, which in turn will reduce support for extremist elements. The Administration is also requesting funds to help the non-oil economy grow, including the development of the agricultural sector (\$50 million), support for business formation (\$25 million), and continued support for key Iraqi economic reforms (\$62 million), such as reducing subsidies. These programs will generate jobs and stimulate economic growth. This request also includes funding for the Iraqi-American Enterprise Fund (\$40 million), which will address a critical lack of access to capital and know-how that is preventing Iraqi entrepreneurs from forming companies. This request also includes \$48 million to continue Democracy and Civil Society programs, which will be vital to support Iraq's nascent democracy, particularly in working with new representatives and/or parties elected in anticipated nationwide elections in 2009. Democracy and Civil Society programs also will have a direct impact in fostering political reconciliation.

The Administration is also requesting \$75 million in funding under International Narcotics Control and Law Enforcement (INCLE) to bolster Iraq's rule of law, including continuing training and security for judges and program support for major crime task forces, which will help Iraq combat terrorism and a growing criminal element, and mentoring to Iraq's corrections service to ensure criminals are effectively and humanely kept off the streets. The Administration is also requesting \$20 million in Nonproliferation, Anti-Terrorism, and Demining (NADR) programs, of which \$16 million will support expansion of a successful humanitarian de-mining program that has allowed hundreds of communities to bring agricultural and industrial land back into production, and \$4 million in programs to combat terrorism.

Taken together, these programs are an integrated approach to build on the significant investment we have already made in Iraq's success. The FY 2009 programs complement our previous investments in infrastructure, security and capacity building and will hasten the ability of the Iraqi people to meet their own needs. Failure to fully fund these programs will endanger the progress we have made over the last five years. In order for us to carry out these programs, we need the full \$65 million request for operational funding for core Embassy functions.

As a final point on Iraq, I would like to bring some clarity to discussions about the agreement that we plan to negotiate with Iraq. With the UN Security Council mandate due to expire at the end of this year, we need an agreement with Iraq that will ensure that U.S. forces continue to have the authorities and protections they need to operate in Iraq. An agreement with Iraq will not contain a "security commitment;"—that is, there will be no binding U.S. obligation to act in the common defense in the event of an armed attack on Iraq, it will not set troop levels, and it will not provide for permanent bases in Iraq. This arrangement will not "lock in" specific policies, but will leave policy options open for the next President. In addition, much as we did in Afghanistan, we expect to negotiate a strategic framework arrangement building on the Declaration of Principles that will formalize our intentions to cooperate in political, economic, cultural, and security fields. We have begun to brief Members of Congress and will continue to do so as our discussions with Iraq progress.

Afghanistan

For FY 2009, the President has requested \$1.054 billion in foreign assistance to help prevent Afghanistan from ever again becoming a sanctuary for terrorists. We have achieved many successes in our fight against the Taliban and Al-Qaida, but we have not won yet. The funds requested are critical to supporting our comprehensive approach to defeat the insurgency and return Afghanistan to long-term stability based on Afghan national sovereignty, democratic principles, and respect for human rights. The Afghan government enjoys broad support, while the Taliban offers no

political vision. We are collaborating bilaterally, with donors, and through NATO and other multilateral organizations to tighten the coherence of security, economic, and governance capacity-building efforts. Development and security efforts on both sides of the Afghan-Pakistan border aim to prevent the deterioration of overall progress.

Recognizing that counterinsurgency requires more than physical security, we have requested \$370 million for counter narcotics efforts, \$248 million for democracy and governance, \$109 million for health and education, \$226 million for economic growth, \$74 million to support the work of our Provincial Reconstruction Teams, and \$12 million in non-emergency food aid. Development efforts to improve Afghan governance at the national and regional and local levels and to achieve prosperity for the Afghan people are as crucial to winning the war as security assistance to fight insurgent groups, to prevent Afghanistan from becoming an illicit narcotics-based economy, and to train the Afghan Security Forces. Simultaneously, the efforts of the U.S. and the international community to work with the government of Afghanistan to improve security, build government capacity, protect human rights, reconstruct infrastructure, and provide humanitarian assistance generate confidence in the Afghan government and in turn decrease support for insurgents. As part of these efforts, we look forward to working with Congress on Reconstruction Opportunity Zone (ROZ) legislation that would help create employment and sustainable economic development in Afghanistan and the border regions of Pakistan.

West Bank/Gaza

The United States is firmly committed to supporting Israelis and Palestinians as they work to realize peace. Working with international donors and Quartet Representative Tony Blair, the United States is strengthening our support for the Palestinian Authority (PA) Government to help achieve this end.

Our FY 2009 funding request for the West Bank and Gaza is \$100 million. This includes \$25 million for the Palestinian Authority Security Sector Reform Program, part of a broader U.S. and international effort to strengthen and transform the Palestinian security sector and assist the PA in its efforts to extend law and order and meet its Roadmap obligations to dismantle the terrorist infrastructure, thereby providing a reliable partner for Israel. Establishing the rule of law and effective security in the West Bank will support President Mahmoud Abbas and Prime Minister Salam Fayyad by demonstrating to the Palestinian people that the PA can reduce lawlessness and improve their lives, and by building the capacity of the PA to address security threats against Israel. The request includes \$24 million for democracy projects that will assist the PA government to extend the rule of law and improve governance, including bolstering the justice system through training judges and building judicial independence, and supporting local municipalities. A further \$18 million will assist the PA to achieve economic growth by focusing on activities that increase agricultural productivity, provide support for micro-enterprises, create private sector opportunity and increase trade. Finally, \$33 million will assist the PA government to provide essential health, education, and humanitarian services to the Palestinian people.

U.S. government assistance in these areas will help the Palestinian people directly and support moderates such as President Abbas and Prime Minister Fayyad, while also providing tools through security improvements, civil society building, and economic growth to combat Hamas and its terrorist infrastructure.

Pakistan

A broad, long-term, and strategic relationship with Pakistan is now crucial to global security and regional economic interests. We are encouraging formation of a moderate center to complete the transition to democracy and underwrite the fight against violent extremism. Our programs support transparent elections, democratic institutions, and long term development. We are cooperating closely with the Pakistanis to defeat extremist groups and networks. U.S. assistance programs support all these goals.

For FY 2009, the Department of State is requesting \$826 million for Pakistan, to bolster four areas of cooperation: peace and security, democracy, economic growth, and health and education.

To win the War on Terror, this request includes \$150 million specifically to support development in the Federally Administered Tribal Areas. This is the second tranche of a five-year \$750 million Presidential Commitment initiated in 2007. This will allow the United States to help the Government of Pakistan recast its relationship with the country's Federally Administered Tribal Areas.

Of the total \$826 million, we are requesting \$343 million for peace and security assistance, including \$7.7 million for counterterrorism programs and \$32 million for

border security, law enforcement capacity building, and counter-narcotics efforts. This will aid the government of Pakistan in countering the terrorist threat, enhancing border security, addressing illicit narcotics activities, and establishing the means to provide for a peaceful and secure environment.

Recognizing that the War on Terror can not be won solely by improving security, our request includes \$55 million to strengthen democracy and good governance, \$119 million to expand economic opportunity, and \$260 million for health and education.

Lebanon

Progress in Lebanon remains a critical element of our efforts to foster democracy and security in the Middle East. We have joined hands with Lebanon's elected government to support their struggle for freedom, independence, and security. For FY 2009, the Department of State has requested \$142 million in foreign assistance for Lebanon to support two parallel objectives: countering threats to Lebanon's sovereignty and security from armed groups backed by Syria and Iran, and helping foster good governance and a vibrant economy.

Three years ago this week, former Lebanese Prime Minister Rafiq Hariri was assassinated. One month later, the Lebanese people demanded an end to foreign domination and political violence, taking to the streets to call for Syrian withdrawal from Lebanon. The FY 2009 budget request includes support for the Special Tribunal for Lebanon—a concrete demonstration of our unwavering commitment to justice, an end to political violence, and the protection of Lebanese sovereignty.

Since then, Lebanon has elected a new parliament and deployed its army to the south of the country for the first time in 40 years. However, Lebanon remains under siege by a Syrian and Iranian-backed opposition working to undermine the nation's stability, sovereignty, and state institutions. Meanwhile, political violence continues, including a January 15 bombing of an American Embassy vehicle. Our vision of a safe, secure and democratic Middle East cannot survive without a sovereign and stable Lebanon.

ECONOMIC ASSISTANCE

Economic Support Funds

The FY 2009 request for Economic Support Funds (ESF) is \$3.15 billion, an increase of \$164 million over the FY 2008 enacted level. ESF remains a reliable assistance mechanism by which we advance U.S. interests through programs that help recipient countries address short- and long-term political, economic, and security needs. ESF also supports major foreign policy initiatives such as working to resolve the Israeli-Palestinian conflict and regional economic integration in East Asia. ESF funds global and regional programs that support specific U.S. foreign policy goals, including assistance to states critical in the War on Terror.

The request includes significant increases in some activities over the Administration's request for FY 2008, such as programs in Nepal to address rural poverty and help blunt the appeal of Maoist rebels, Lebanon to bolster that country's democratic traditions and reduce the ability of Hezbollah to divide the populace, and South and Central Asia to improve communications and transportation linkages between Afghanistan and its regional neighbors.

The Administration's strategic priorities for FY 2009 ESF include funding for our partners in the War on Terror to mitigate the influence of terrorist and insurgent groups and reduce their potential to recruit in regions bereft of political and economic participation; countries and regions at risk of civil unrest, to assist in building democratic institutions, fight poverty, and provide basic services and economic opportunities; states of concern to encourage democratic reform and build civil society; and regional and thematic programs like the Asia-Pacific Partnership, Middle East Partnership Initiative, and promoting implementation of Free Trade Agreements, especially improving labor and environmental conditions, and efforts to combat Trafficking in Persons.

Millennium Challenge Corporation

The request of \$2.225 billion supports the continuing assistance efforts of the Millennium Challenge Corporation (MCC), an important contributor to U.S. foreign assistance through the principles of promoting growth through good governance, investment in health and education, and economic freedom. By early FY 2008, the MCC had approved a total of 16 compacts worth over \$5.5 billion. An additional 14 threshold agreements were in place at the end of FY 2007, and there is a robust pipeline of compacts under development. MCC expects to sign compacts with Tanzania (\$698 million) in February 2008, and with Burkina Faso (\$500–\$550 million) and Namibia (\$300–\$325 million) this summer. MCC is also engaged with Jordan,

Moldova, Malawi and other countries in the compact development process, and foresees sizable compacts with those countries in FY 09.

Eight compacts are entering their second or third year of implementation, and are achieving tangible results. For example, in Georgia, the first phase of gas pipeline repairs is complete, providing Georgian citizens and businesses with needed electricity and heat. In Honduras and Madagascar, farmers are employing new techniques to improve productivity and links to reliable markets, thereby increasing their incomes.

MCC and USAID programs are complementary and mutually reinforcing. USAID programs help countries improve policies to qualify for compacts, build their capacity to manage funds and administer compact and threshold programs, and support overall U.S. efforts to keep MCC countries on a transformational development track. MCC programs frequently build on existing USAID programs and other USG assistance. They do not overlap with them, and USAID adjusts programs to augment funding for opportunities created by MCC programs, and to enhance and sustain assistance in other areas.

Development Assistance

The Development Assistance request of \$1.639 billion supports programs in countries that range from those with very low incomes whose governments are sufficiently stable and organized, to those with income levels above MCC eligibility that are relatively well-governed. The goal of all Development Assistance is to foster an expanded community of well-governed states that respond to the needs of their people and act responsibly within the international community.

Countries receiving DA face a range of long-term development challenges. Experience shows that the most effective response is to provide a well-balanced package that includes sustained support for transformational democratic and economic reforms and that is closely coordinated with MCC programs and the President's Emergency Plan for AIDS Relief (PEPFAR). These assistance programs also must complement and reinforce other development-related foreign policy initiatives, including our diplomatic efforts to advance freedom and democracy, expand international trade opportunities, and address climate change and other critical environmental issues. Our strategic priorities for DA funding in FY 2009 include: long-term democratic governance and economic growth programs in Africa; trade capacity building programs in Africa and the Western Hemisphere; capacity building in support of the Global Climate Change initiative; strengthened democratic governance in the Western Hemisphere; accelerated literacy and numeracy programs under the President's International Education Initiative, and more broadly in Africa, the Western Hemisphere and the Middle East, and alternative development in the Andean countries.

We also recognize that any effort to improve development initiatives will require a significantly increased overseas presence of USAID, together with expanded technical and stewardship capabilities. Therefore, we are requesting \$767.2 million in USAID Operating Expenses which will allow USAID to increase its overseas workforce. Under the Development Leadership Initiative, USAID will hire 300 Foreign Service Officers above attrition in FY 2009 to build the capacity to implement the National Security Strategy for foreign assistance.

Trade Agreements

Let me say a word about the trade agreements we have concluded with Colombia, Panama, and Korea. Expanding trade opportunities advances American economic and national security interests. The Department is deeply involved in international trade issues at all levels. I recently traveled to Colombia with nine Members of Congress, who saw first-hand the impressive results of economic and political reform there. Our missions abroad actively support the negotiation and enforcement of our trade agreements.

Through multilateral, regional, and bilateral trade agreements, we lower tariff and non-tariff barriers to U.S. businesses, farmers, ranchers, and entrepreneurs. The American worker can compete successfully with anyone so long as the rules are fair. We help set those rules by promoting open markets, as we have done since the end of World War II. Our efforts at the World Trade Organization (WTO) strengthen these rules and expand opportunities globally. We are at a critical juncture in the Doha Round of WTO negotiations, which the President has described as a "once in a generation opportunity" to create economic opportunity, promote development, and alleviate poverty. As the President noted in his State of the Union address, the United States is committed to the conclusion of a strong Doha Round this year, and will provide the leadership necessary to achieve this objective.

With respect to bilateral trade agreements, our free trade agreement with Colombia is a prime example of how such agreements can strengthen both our economy

and national security. The United States currently provides duty-free treatment to virtually all Colombian products entering the U.S. under the Andean Trade Preference Act. With the U.S.-Colombia Free Trade Agreement, U.S. GDP will grow by an estimated \$2.5 billion by expanding opportunities for U.S. exporters as the significant tariffs that are assessed on U.S. exports to Colombia are reduced and eliminated. We urge Congress to consider and pass the Colombia FTA to allow our exporters to receive the same treatment as is available to Colombian exports to the U.S.

The importance of the agreement, however, extends beyond trade. The current and previous Administrations, as well as the Congress, have made a significant commitment to Colombia by providing over \$5 billion in assistance through Plan Colombia. Security in Colombia is vastly improved, the economy has rebounded, and Colombians have real hope for the future. The proposed FTA advances our partnership and cements these gains. The Colombia FTA reflects the open, democratic, economic, and political system which is our vision for Latin America. Colombia is a friend of the United States. Its government has taken great risks to achieve the successes it has achieved. I urge the Congress to pass this agreement for internal security reasons as well.

Two additional key allies of the U.S. are also awaiting Congressional action on free trade agreements: Panama and Korea. The U.S.-Panama Free Trade Agreement will build on our already vibrant trade relations and support the consolidation of freedom and democracy in this important country. The U.S.-Korea Free Trade Agreement is the most commercially significant FTA in over 15 years. Korea has been a steadfast partner and ally in promoting peace and security in Northeast Asia and globally. I urge your action on these agreements as well.

SECURITY ASSISTANCE

Foreign Military Financing

The request of \$4.812 billion for Foreign Military Financing (FMF) will advance U.S. interests by ensuring that coalition partners, allies, and friendly foreign governments have the equipment and training necessary for common security goals and burden-sharing in joint missions. This request includes \$2.55 billion for Israel, the first year of a 10 year \$30 billion commitment. FMF promotes our national security by strengthening the defense of friendly governments and bolstering their abilities to contain transnational threats, terrorism, and trafficking in persons, weapons, and narcotics. This request provides funding for Egypt to foster a modern, well-trained Egyptian military, and support for force modernization, border surveillance and counter-terrorism efforts in Jordan. FMF is helping to build a Lebanese army capable of implementing UN Security Council resolutions 1559 and 1701, secure Lebanon's border against weapons smuggling, and begin the process of disarming militias in Lebanon. The request also finances programs with the Gulf States of Bahrain and Oman as part of the Gulf Security Dialogue. FMF will also assist ongoing efforts to incorporate into NATO the most recent members of the Alliance and to support prospective NATO members and coalition partners, as well as partners in Iraq and Afghanistan.

International Military Education and Training

The International Military Education and Training (IMET) program request for FY 2009 is \$90.5 million. Through professional and technical course curricula and specialized instruction, this key component of U.S. security assistance provides valuable education and training on U.S. military practices within a context of respect for democratic values and internationally recognized standards of human rights. IMET programs in Europe advance regional security and force integration among NATO and European armed forces, most notably in Turkey, Poland, Ukraine, and the Czech Republic. In the Near East, IMET provides technical training necessary to maintain U.S.-origin equipment in Jordan, Morocco, Tunisia, Egypt, Iraq, Lebanon and Oman. In Africa, IMET provides training programs for Ethiopia, Kenya, Nigeria, Senegal, and South Africa, countries central to long-term regional peace and stability. In East Asia, IMET programs with the Philippines and Indonesia, for example, focus on professionalizing defense forces and developing skills in fighting the War on Terror. In South Asia, IMET programs improve military interoperability with the United States and educate South Asian armies in respect for human rights and civilian-military cooperation. In the Western Hemisphere, IMET focuses on building capacity to respond to regional security challenges, with major programs in El Salvador, Colombia, and Mexico.

IMET is a critical tool to strengthen important military relationships in the global fight against terrorism and to do so in the context of support for human rights.

IMET helps ensure that future leaders of foreign militaries are well trained, exposed to the U.S. system of civilian control of the military, and have lasting ties to the U.S. defense community.

Nonproliferation, Anti-terrorism, Demining, and Related Programs

The request for the Nonproliferation, Anti-terrorism, Demining and Related Programs Account is \$499 million. With this year's request, three separate sub-accounts, Humanitarian Demining, International Trust Fund, and Small Arms/Light Weapons, are combined into one line item in the budget to address more appropriately our global Conventional Weapons Destruction efforts. We are also establishing a proposed new sub-account for WMD terrorism to undertake projects that improve international capabilities to respond to potential WMD terrorist attacks.

The FY 2009 request includes increases in several important areas. We propose continued funding for humanitarian demining and increased funding for programs to address the threat to civil and military aviation posed by terrorists and insurgents armed with MANPADS. We have also proposed increased funding for the Nonproliferation and Disarmament Fund to address emergent nonproliferation and disarmament requirements including additional support for disablement and dismantlement activities in North Korea, as they are achieved in the ongoing Six Party talks. Increases in the Global Threat Reduction program will strengthen biosecurity programs and anti-nuclear smuggling programs.

Under the Anti-Terrorism Assistance (ATA) program, we are expanding the TransSahara Counterterrorism Partnership (TSCTP) in the North Africa region, and strengthening linkages with the existing TSCTP in sub-Saharan Africa to prevent terrorist movement between Mahgreb and Sub-Saharan states and to promote greater regional cooperation. Increased funding for ATA will also support counterterrorism programs in East Africa.

Peacekeeping Operations

The FY2009 request for Peacekeeping Operations (PKO) is \$247.2 million, which is necessary to advance international support for voluntary, multi-national stabilization efforts, including support for non-UN missions and for U.S. conflict-resolution programs. PKO funding enhances the ability of states to participate in peacekeeping and stability operations and to address counterterrorism threats. In the aftermath of conflict, PKO funds help transform foreign military establishments into professional military forces guided by the rule of law.

An important element of FY 2009 PKO funding is the President's Global Peace Operations Initiative (GPOI), now in its fifth year. FY 2009 funding will train over 15,000 peacekeeping troops to reach the initiative's goal of 75,000 peacekeeping troops trained worldwide. GPOI includes the African Contingency Operations Training and Assistance (ACOTA) program, as well as train-and-equip programs outside of Africa. GPOI assists in the deployment of peace operations troops, provides logistics and transportation support, and assists regional organizations in planning and managing peacekeeping operations. PKO funding also helps support TSCTP; Security Sector Reform programs in Liberia, Sudan and the Democratic Republic of Congo; peacekeeping activities in Somalia; and the Multinational Force and Observers peacekeeping mission in the Sinai.

GLOBAL CHALLENGES

Democracy & Human Rights

We will continue to promote democratic development and uphold international standards of human and worker rights globally. We are requesting \$1.745 billion for programs to advance good governance, democracy and human rights in support of the President's Freedom Agenda, including political competition and consensus building, rule of law, and civil society activities in countries around the world. This budget will support centrally managed and multilateral efforts that provide targeted funding for unforeseen needs and opportunities, advance democracy in difficult countries where bilateral programs are not feasible and provide technical support to our overseas missions on democracy issues and programs.

Our request includes \$60 million in ESF for the Human Rights and Democracy Fund to support innovative activities that open political space in struggling and nascent democracies and in authoritarian regimes as the leading element of the U.S. government's efforts to effect positive and lasting change. HRDF will allow us to support pivotal democracy and human rights programming in critical target countries such as China, Belarus, Russia, Lebanon, North Korea, Thailand, Venezuela, Somalia, Burma, and Pakistan. With HRDF, we will continue to support the Global Human Rights Defenders Fund, a program that enables us to quickly disburse small grants to human rights defenders facing extraordinary needs due to government re-

pression. In addition, we will fund innovative approaches to advance labor rights abroad by strengthening democratic trade unions and will promote corporate social responsibility globally.

International Narcotics and Law Enforcement

The \$1.202 billion request for International Narcotics and Law Enforcement (INCLE) and \$406 million for the Andean Counter drug Program (ACP) in FY 2009 supports bilateral and global programs to combat transnational crime, illicit narcotics threats, and terrorist networks built upon and funded by the illegal drug trade. These programs aim to strengthen and professionalize law enforcement institutions that are weak or subject to corruption.

INCLE funds are focused mainly on countries in which serious security threats exist, both to host governments and to our national interests as well. This includes countries like Afghanistan, Iraq, Pakistan, the Democratic Republic of Congo, Haiti, Indonesia, Liberia, and Sudan.

Of particular note this year is the importance and timeliness of the Merida Initiative, our new program for security and law enforcement cooperation with Mexico and the nations of Central America. The President has requested \$550 million in FY 2008 and in FY 2009, a total of \$1.1 billion. The Administration believes that we must act now to assist our southern neighbors in their fight against the criminal organizations that threaten their security and prosperity, as well as our own. These nations have demonstrated the political will to tackle critical problems and have asked us to cooperate with them as partners. I strongly urge Congress to fund this important national security initiative both through the FY 2008 supplemental and the FY 2009 appropriation.

Migration and Refugees Assistance

Our commitment to providing humanitarian assistance and protection for refugees, conflict victims, and vulnerable migrants remains strong. We are requesting \$764 million in FY 2009 to fund contributions to key international humanitarian and non-governmental organizations and for bilateral programs to respond to humanitarian needs abroad and identify durable solutions, including resettlement of refugees in the U.S. These funds provide for basic needs to sustain life, protect refugees and conflict victims, assist refugees with voluntary repatriation, local integration, or permanent resettlement in a third country. They are a humane and effective response to pressing needs that reflects the compassion of the American people. Humanitarian needs related to Iraq and Afghanistan will be subject to a separate FY 2009 Supplemental request. The request of \$45 million for the President's Emergency Refugee and Migration Assistance Fund is critical to meet urgent and unforeseen humanitarian requirements.

Global HIV/AIDS Initiative

The Global HIV/AIDS Initiative account (GHAI) is the largest source of funding for the President's Emergency Plan for AIDS Relief (PEPFAR). The request of \$4.779 billion is a substantial increase over the FY 2008 enacted level for the PEPFAR bilateral program, and capitalizes on the demonstrated capacity-building and programmatic successes in prevention, care, and treatment during the first five years of the program. Funding will support country-based activities, international partners, technical support, and oversight and management. The FY 2009 request is the first of a new, five-year, \$30 billion Presidential commitment that builds upon and expands our initial five-year, \$15 billion commitment.

The request also proposes the development of a "Partnership Compact" model, with the goal of strengthening host government commitment. In selected countries, compacts will outline reciprocal responsibilities, linking our resources to increased host country resources for HIV/AIDS and the establishment of policies that foster an effective HIV/AIDS response.

Environment

As President Bush said in his State of the Union address, the United States is committed to confronting the challenge of climate change. We want an international agreement that will slow, stop, and eventually reverse the growth of greenhouse gasses. Achieving that goal will require commitments by all major economies, a point we have made in the two Major Economies Meetings on Energy Security and Climate Change under the initiative launched by the President in support of UN negotiations.

In Indonesia this past December, the U.S. joined with the other parties to the UN Framework on Climate Change (UNFCCC) to adopt the "Bali Action Plan." This document will guide negotiations of a new post 2012 climate change arrangement by 2009. Our FY 2009 budget request includes \$64 million to support our efforts

to address adaptation and reduce deforestation, major elements of the “Bali Roadmap.”

Through the Asia-Pacific Partnership on Clean Development and Climate (APP), the U.S. works with China, India, Australia, South Korea, Canada, and Japan to accelerate the adoption of clean energy technologies. Over 100 APP projects and activities are reducing emissions in major sectors such as power generation, cement, steel, aluminum and buildings. Our FY 2009 foreign assistance budget request for APP totals \$26 million.

As part of our long-term commitment to protecting the Earth’s ozone layer we are proposing \$19 million for the Montreal Protocol Multilateral Fund. Last year, the international community agreed to a landmark U.S. proposal to accelerate the phase-out of ozone depleting substances. Over the next two decades, this acceleration will provide climate system benefits that could exceed those contemplated under the Kyoto Protocol.

Finally, a request of \$40 million supports our commitment to labor and trade-related environmental initiatives with our Dominican Republic-Central American Free Trade Agreement partners. These activities will strengthen institutions for more effective implementation and enforcement of environmental laws and promote biodiversity, market-based conservation and private-sector environmental performance.

CONCLUSION

Mr. Chairman, the FY 2009 International Affairs request proposes an increase of 16% over the FY 2008 base appropriation, and more than 9% over all FY 2008 appropriations enacted to date. I understand that this is a significant increase. But the President and I, as well as the officials in all departments and agencies which administer the foreign affairs account, strongly believe this request is fully justified and critical to the national security interests of the United States. We understand that these funds are the result of the efforts of hard working American taxpayers. You have our commitment that we will manage these funds efficiently as stewards of the resources entrusted to us by the American people.

Thank you very much. I would be pleased to respond to questions.

Chairman BERMAN. Thank you, Madam Secretary. I will recognize myself first for 5 minutes.

Director of National Intelligence Mike McConnell testified last week that Iran’s nuclear program remains a serious potential threat. He stated, we remain concerned about Iran’s intentions and assess with moderate to high confidence that Tehran at a minimum is keeping open the option to develop nuclear weapons. He also emphasized, I will quote again, “declared uranium enrichment efforts which will enable the production of fissile material continue.” This is the most difficult challenge in nuclear production.

Madam Secretary, I do have a question on another subject after this, so if you keep that in mind in your answer, but do you concur with Director McConnell’s basic assessment that Iran may have suspended, but not terminated its nuclear weapons program? Does Congress and do the American people have reason to be worried about Iran’s continuing efforts to enrich uranium? And in your view, is Iran determined to acquire a nuclear weapons capability?

Secretary RICE. I believe that Iran is a great danger both for its nuclear ambition and for its support of terrorism around the world and the way it chooses its people. I am very concerned, and I think Director McConnell was trying to make clear, that while the NIE talked about suspension of an element of the Iranian program, the troubling elements, the delivery vehicles, delivery systems, continued work and, most importantly, the enrichment and reprocessing, which is the key to building fissile materials, is a great danger to us.

Chairman BERMAN. In December 2006, Congress passed the Hyde Act, named after our former chairman, Henry Hyde. He established a framework for nuclear—civilian nuclear cooperation

with India. That legislation, negotiated in great detail with the administration, included a number of important provisions to help preserve the integrity of the global nonproliferation regime. The bill terminates United States nuclear cooperation with India. If New Delhi resumes nuclear testing, it restricts the transfer of sensitive enrichment and reprocessing technologies and has a number of other features.

Before we take up the 120th year agreement you have the IAEA safeguards issue and the Nuclear Suppliers Group, which must approve a special exemption that allows member states, including the United States, to engage in nuclear trade with India. I am concerned about the NSG. As I understand it, the United States representatives of that body have circulated a clean exemption for India that doesn't reflect any of the restrictions contained in Hyde Act.

If that exception were adopted by the NSG, we would essentially be creating two standards for nuclear trade with India, one for the United States and one for the rest of the world. So it would seem to me that would undermine our nonproliferation goals and create a strong incentive for India to pursue nuclear technology.

Isn't it in the national interest of the United States for India to purchase technology from Russia and from France? Isn't it in the interest of the United States to push the NSG to adopt an exemption from India that includes and follows the restrictions of the Hyde Act?

Secretary RICE. Well, we will support nothing with India in the NSG, Congressman, that is in contradiction to the Hyde Act. It will have to be completely consistent with the obligations of the Hyde Act.

India is generous and it—that is why we need it fulfilled.

Chairman BERMAN. So the Hyde—

Secretary RICE. But it will—everything that we do will be consistent with the Hyde Act.

Chairman BERMAN. Well, if I understand your—if you intend your answers to be what I understand, then we—

Secretary RICE. Well, it has to consistent with the Hyde Act or I don't believe we can count on the Congress to take the next step.

Chairman BERMAN. The gentlelady from Florida.

Ms. ROS-LEHTINEN. Thank you so much. Thank you, Madam Secretary. I wanted to ask about the Israeli-Palestinian issue. I'll ask a few questions and await your response.

Reports indicate that the recent destruction of the border wall between the Egypt-controlled and Hamas-controlled Gaza Strip enabled significant numbers of weapons and Iranian trained terrorists to enter Gaza, and this follows Egypt's continuing failure to stop terrorists, the smuggling of money, of weapons, in people through tunnels going in and out of Gaza. Therefore, regarding the administration's suggested conditions for the provisions of \$1.3 billion in foreign military financing to Egypt, would you agree that the administration should not waive the condition that Egypt must first take concrete and measurable steps to detect and destroy the smuggling networks and tunnels that lead from Egypt to Gaza?

And continuing with that, in light of that recent destruction of the border wall, does the administration believe that Egypt's role

vis-à-vis Gaza should change, particularly regarding the provision of food and energy?

And lastly, Madam Secretary, regarding United States provision of nonlethal security assistance to the Palestinian Authority, could you comment on what monitoring mechanisms are in place to ensure that such assistance does not go to members of the Palestinian security services who belong to terrorist organizations, including Fatah, Al-Aqsa Martyrs Brigade. Thank you, Madam Secretary.

Secretary RICE. Thank you, Congresswoman Ros-Lehtinen. First of all on Egypt and the Gaza, I think it is fair to say that the Egyptians have had a rather hard lesson about the Gaza recently. It was not in Egypt's interest to have the breaching of that wall. They have tried to reestablish security, including at Rafah. We do believe that there will need to be some more permanent arrangement, perhaps involving Egypt, possibly even the PA, and possibly European monitors, but there are many details that will need to be worked out. But I think you would find the Egyptians very concerned at what happened on that border and recognizing that it was not in their interest to have that happen.

We also have worked through the Army Corps of Engineers to help them identify ways that they might deal with the tunnels. I think it is fair to say that we have not been satisfied with the effort on the tunnels. In fact, those tunnels have been there for a long time. It has been hard to stop smuggling whoever was trying to deal with that. We are in constant conversation with the Egyptians as well as the Israelis about how that might be done better.

As to the \$1.3 billion, we believe that this is aid that is important to maintaining Egypt's security forces. We appreciate the flexibility that was provided in the waiver, and I would just reserve to look at the cases as they come to me, but I think it would be important to note that we do have very intensive discussions going on with the Egyptians, as do the Israelis, about how to both manage the border and how to deal with Gaza more generally.

The status quo there I think is not sustainable, and so we are going to try to look for a solution that involves all parties, with the exception of—by the way, I just want to be clear, we have no intention of talking to Hamas about this. They have caused the problem; people are now trying to deal with the problem that Hamas caused. We have also been very clear that one of the efforts has to be to stop the rocket attacks against Israel from Gaza.

As to the PA forces, General Dayton has put together a security plan. The funding provided is to be used in accordance with that kind of classical train and equip plan. There is vetting of the people who would be involved in that.

I would just note that it is new territory for us in the training of Palestinian security forces, but if the alternative is to have Hamas' forces well trained by Iranian backing, which is really where that is coming from, and not to have Abu Mazen to have trained forces, then I think we have to try to move in this direction. We are trying to do it responsibly; we are doing it with as best vetting as we possibly can. And, we have gotten good cooperation, by the way, from the Israelis as well in helping General Dayton.

Ms. ROS-LEHTINEN. Thank you, Madam Secretary. Thank you, Mr Chairman.

Chairman BERMAN. Thank you. The gentleman from New York is recognized for 5 minutes.

Mr. ACKERMAN. Thank you, Mr. Chairman. I am sure the committee will be afforded ample opportunity at some appropriate time to express our thoughts about former Congressman Lantos, but allow me at this moment just to say thank you to yourself for the very difficult task that is before you. Thank you for assuming the role of leading our committee. I am sure you will prove as you always do to be thorough, thoughtful, and fair.

Madam Secretary, I have two questions. The first is based on the op-ed piece that appeared in this morning's Washington Post by you and Secretary Gates. I assume it was occasioned by the widespread concern in Congress over what the future commitments to Iraq President Bush intends to make in the twilight of his presidency.

I would like to ask you to reiterate for the record for the committee the four noes contained in that piece as well as hopefully your pledge to consult closely with us to provide complete transparency as the negotiations with Iraq go forward.

Secretary RICE. Thank you. Yes, I can very firmly say that it is not our intention to seek permanent bases. It is not our intention to undertake security commitments to Iraq that would lead us to—

Mr. ACKERMAN. Excuse me, when you say it is not your intention, would you say we will not?

Secretary RICE. We are not seeking permanent bases. The commitment is also—there is no commitment to combat forces, there is no commitment to troop levels. I think the way best to think about this agreement is that we have a number of SOFAs around the world, and the Iraqis have wanted a more normal relationship. The U.N. Council resolution right now is the way that we legally maintain our forces in Iraq. We need a basis going forward, and that is what this is intended to do.

Mr. ACKERMAN. Tomorrow, Madam Secretary, as you know, is the third anniversary of Rafik Hariri's assassination, and our friends of Lebanon are under enormous pressure from the opponents of a free and democratic Lebanon to agree to a Presidential candidate acceptable to Syria, as well as to concede the Hezbollah's ever increasing demand for seats in the Lebanese President's cabinet.

My question is, What are we going to do to put pressure on Syria and Hezbollah? And will you confirm for the committee that the administration has no intention of making a deal with Syria over the special tribunal established to investigate the Hariri assassination?

Secretary RICE. I can absolutely confirm we have no interest, intention, any such thing to make such a deal with Syria. What we are trying to do is to help get the tribunal funded. I hope that there will be a positive announcement about the funding of that tribunal very soon. We are working with the Arab states to try to help the Lebanese resolve their political on the basis of what March 14th has found acceptable.

Mr. ACKERMAN. And the issue of pressuring?

Secretary RICE. Yes, we are working with the Arab states to do that. We have also, as you may know, made some other designations with Syrian personalities. And again, I think the best thing we could do is get this tribunal funded and make very clear that it is going to go forward.

Mr. ACKERMAN. Final question, on Monday, Pakistanis go to the polls to elect a new Parliament. Recent opinion polls indicate that the opposition parties are likely to constitute the overwhelming majority in the next Parliament. All of us want free and fair elections in Pakistan, all of us except President Musharraf, who is unlikely to benefit from that circumstance. I think, however, that most of us would concede that the question isn't whether the elections are flawed but how badly. If the administration cannot say that the elections are free and fair, will you at that point finally concede that President Musharraf is not the indispensable man, but in fact a liability?

Secretary RICE. Well, we have been very focused on the elections, and elections that will be free and fair and elections that will be credible to the Pakistani people. That has been the goal. There will be very many European observers there. We will obviously have our people from our consulates and our Embassies around. We will see what happens in the election, but we have encouraged that their moderates should come together after those elections to form a government that can govern Pakistan from the center.

I think it is fair to say that we believe that President Musharraf in taking off his uniform made an important step, and that he lifted a state of emergency which we had believed was a mistake to begin with, but it was lifted. Now it is really the judgment of the Pakistani people that is being awaited. We are asking that everybody at the time of the election refrain from violence and try to resolve any differences politically.

Mr. ACKERMAN. Thank you.

Chairman BERMAN. The gentleman from New Jersey, Mr. Smith.

Mr. SMITH OF NEW JERSEY. Thank you, Mr. Chairman. Madam Secretary, on January 30th the New York Times reported on the recent arrest of a 34-year-old Chinese dissident named Hu Jia. Mr. Hu's crime was using his home computer to disseminate information on human rights. He joined, as you know, a huge, ever growing number of dissidents, including cyber dissidents, who are today being hauled off to jail simply for espousing democracy and basic human rights. The Times article suggests the obvious in the run-up to the Beijing Olympics in August. The PRC is attempting to crush all that is said.

And as you know, China today is a great violator of human rights, torture is endemic and forced abortion is pervasive as a means of enforcing the government one child per couple policy. This policy has made brothers and sisters illegal and has led to gendercide, the annihilation of millions and millions and millions of girls, simply because they are girls. Human trafficking is getting worse, there is no freedom of speech or assembly, and labor rights don't exist.

My question is—in the run-up to the Olympics and the fact that there are export controls on some things like handcuffs, fingerprint materials, and the like post-Tiananmen Square. The new tech-

nologies that are being employed that are going directly to the police from companies like Cisco, Honeywell, IBM, GE, and United Technologies include routers to monitor Internet communications and pinpoint the exact computer on which a government critic is writing so that he can be detained moments after hitting or clicking send; software to analyze images captured on cameras in public places to identify suspicious gatherings like conferences and protests; and software to intercept mobile phone communications and identify the location of the caller.

What can be done, in your view, to prevent the sale of technologies? Particularly right now when so many people will want to make contact with the athletes and with the press, especially with the press in August during the Olympics games, so that again the Chinese Government does not reap a new bonanza of human right dissidents where they will be tortured and harassed and abused.

Secretary RICE. Well, I can't comment on any specific cases that you are referring to, but I can say that of course the United States has stood for the right of people to use the Internet and to use it freely because we believe it is a really great tool for democratization. Frankly, it has been a tool for some not great things as well. And I think we all recognize that, but that is one of the prices of liberty.

What we have done is when these cases have come up, we have been very, very active with the Chinese Government to seek information to try to make sure that these cases are not swept under the rug. I raise them with my counterpart; we raise them at very high levels.

We want also not just to be in the business of raising specific cases because we believe that we need to work structurally so that some of the laws and institutions that are used in China for these purposes should be undone, which is why we made our human rights dialogue more focused on structural elements, as you know, and as you and I have discussed before.

I do think that in the run-up to the Olympics China will be under a considerable spotlight as well, and it is a time when these cases will be more evident and can be brought to the fore. So that is what we are trying to do.

I don't know about specific equipment. One wants to be careful about too many restrictions on the very kinds of equipment that ultimately I think are going to undo authoritarian regimes. Because government may think that it is controlling the Internet or having an effect, I think in many places we are seeing that it is having quite the opposite affect.

Mr. SMITH OF NEW JERSEY. I would ask, if you could, the Global Online Freedom Act, as passed out in this committee, is making its way to other committees of Congress. We would very much welcome the support of the administration for that legislation. Again the new means by which governments can control and suppress and literally crush dissidents very often are of the high tech variety. As we are seeing right now with impunity, the Chinese Government is using that technology. Handcuffs have dual use, either in the hands of a legitimate police force or in the hands of the secret police with nefarious purposes. But we have a situation today, Madam Secretary, where they are taking Cisco, Policenet, state-of-

the-art capabilities, the secret police now has it, and they are using it and they are crushing dissent.

We saw in the Telegraph of London a report that the British athletes, and I think it is an accurate story, are not going to speak ill of any Chinese human rights policy. They will say nothing about human rights. You know, I hope our athletes certainly don't do such a thing, but will look freely to talk to dissidents and raise these issues. This high tech capability in the hands of a dictatorship will wreak unbelievable havoc and damage on the part of the dissidents. So we need to do something immediately.

Chairman BERMAN. The time of the gentleman has expired. And the gentleman from American Samoa, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Mr. Chairman, Madam Secretary, it is always a pleasure. I offer my personal welcome to you whenever you have appeared to testify before this committee. Thank you for your service to this Nation, and I wish you continued good health and strength to carry out such a tremendous responsibility you bear in conducting our Nation's foreign policies throughout the world. Forgive me for my voice.

Madam Secretary, I have just returned from a trip to New Zealand. I want to thank you and to compliment you and the members of your staff in implementing a private program concerning this application program. New Zealand is only about 2,500 miles from my district and the thousands of my constituents have had to carry a very heavy financial burden in doing this. I want to thank our Ambassador and the consul general there for their service.

I also want to convey the best wishes of our mutual friend, the Foreign Minister of New Zealand, Mr. Winston Peters. In my collaboration with him, Madam Secretary, he simply reconfirmed the concerns that I have expressed to him over the years: The fact that our country is not giving enough attention to the needs of the problems of the Pacific region, no presence of the USAID in the Pacific region. I originally introduced legislation that the State Department should establish the presence of USAID in the Pacific. I sincerely hope that we will get your support for this.

I had also visited recently Cambodia, Madam Secretary, and I was deeply moved by the experience. My subcommittee will be conducting a hearing on the question of forgiveness or recycling of Cambodia's debt or debt obligations which now run well over \$300 million to the United States supposedly approved for the 5-year period. There was a time when the Khmer Rouge, which ruled Cambodia, and knowing that Khmer Rouge is the one of the most brutal regimes of the 20th century, was responsible for torturing, slaughtering and murdering some 1.7 million Cambodians, I believe, of a population of 7 million people, and knowing also Cambodia was left with only 69 intellectuals to rebuild its ruined economy, knowing also that the United States policy at the time in part led to the rising of the Khmer Rouge which brought about Cambodia's destruction, do you think the United States or our Government should in good conscience demand such repayment of such a debt when Cambodia was going through such a difficult time during the time of the Khmer Rouge? I wanted to ask for your response to that, Madam Secretary, your impression of Cambodia.

Secretary RICE. Well, obviously we consider very important the developments in Cambodia, but of course we have been disappointed thus far in some of the efforts of reform in Cambodia and we continue to press for those reforms to be made available with democracy assistance and the like in Cambodia and we will continue to watch it, Congressman.

I take your point about the debt issue. I will have to look into it and get back to you, but we have tried to engage the Government of Cambodia. We have tried to engage NGOs there. We would like to see further progress of economic reform and democratization there.

[The information referred to follows:]



United States Department of State

Washington, D.C. 20520

MAR 12 2008

Dear Mr. Chairman:

During the Committee on Foreign Affairs hearing on February 13, Secretary Rice offered to provide information as to whether the United States Government should demand repayment of Cambodia's debt to the U.S., since it was accrued while Cambodia was suffering under the control of the Khmer Rouge.

U.S. bilateral relations with Cambodia have been steadily improving, especially over the course of the past two years. Cambodia is a strong counterterrorism partner, our nascent military-to-military relationship is growing, and Cambodia is taking increasingly responsible international positions, including contributing to UN peacekeeping missions. Although Cambodia's poverty, weak adherence to the rule of law, extensive corruption, and fragile institutions continue to hamper its development, the U.S. remains committed to assisting Cambodia to overcome these hurdles.

Cambodia's bilateral debt to the U.S. Government stems from shipments of U.S. agricultural commodities between 1972 and 1974. The Government of Cambodia, led at the time by Lon Nol, financed the commodities through low interest rate loans from the U.S. Department of Agriculture. Lon Nol's government ultimately fell in 1975 to the Khmer Rouge, which ceased servicing this debt. Subsequent Cambodian governments have similarly permitted arrears and late interest to accumulate over the past three decades, resulting in outstanding debt of over \$339 million.

In 1995, the Paris Club group of creditor nations and Cambodia reached agreement on a generous restructuring of Cambodia's debt. Cambodia eventually

The Honorable

Eni F. H. Faleomavaega, Chairman,
Subcommittee on Asia, the Pacific, and the Global Environment,
Committee on Foreign Affairs,
House of Representatives.

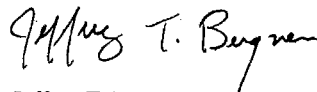
signed debt agreements with France, Germany, Italy, and Japan to implement the 1995 debt treatment and began paying those countries normally. The U.S. and Cambodia never concluded a bilateral agreement, in part because Cambodia refused to accept responsibility for debts incurred by the Lon Nol regime and, in part, because of a disagreement at the time over the amount of debt owed. In a February 2006 letter, however, Cambodia agreed with the U.S. on the amount owed to the United States.

Although Cambodia's debt dates back to a difficult time in its history, the United States has never granted debt relief because the debts were incurred during a war or otherwise turbulent period. Under the international legal principle of state succession, governments are responsible for the obligations of their predecessors. The Government of Iraq, for example, accepted responsibility for debts incurred by Saddam Hussein. The Government of Afghanistan accepted responsibility for all debts incurred by its predecessors to the former Soviet Union, including military debts from the 1970s and 1980s.

For legal and policy reasons, Cambodia is not eligible for additional debt relief beyond the terms of the 1995 Paris Club agreement. We continue to urge Cambodia to conclude the pending U.S.-Cambodia bilateral debt agreement, which would eliminate this long standing dispute. Normalization of financial relations with the United States would also enhance Cambodia's creditworthiness and ability to access international capital markets.

We hope this information is useful to you. Please do not hesitate to contact us if we may provide further information on this or any other topic.

Sincerely,



Jeffrey T. Bergner
Assistant Secretary
Legislative Affairs

Secretary RICE. If I could turn for a moment back to the Pacific and particularly to New Zealand, we very much value the increased activity, increased interaction with New Zealand and the increased and improved relationship with New Zealand. As you know, Prime Minister Clark has been here to see the President, Winston Peters and I are close colleagues and we talk frequently, and I think our relationship there has improved. Again, I will look at the bill that you are looking at in terms of USAID and what might be done there.

Mr. FALEOMAVEGA. Thank you, Madam Secretary.

Chairman BERMAN. Thank you, the gentleman from California, Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Madam Secretary, welcome. Obviously you join with us today, we all feel—this is one of those days, quite frankly, our first meeting without Tom Lantos, and he was one of my real heroes, he really was. I probably have a list of 5 heroes in my life and he was one of them, and I certainly want to go on the record as making sure everybody knows just how much he was appreciated to this Member of Congress over the years.

But now it is all up to us. You know, it is just like when Ronald Reagan was around we all depended on Ronald Reagan, now Tom Lantos isn't going to be around and it is even more of a responsibility for those of us not to forget those fundamental principles which guided Tom Lantos' priorities. He had a set of priorities that I think were so admirable, and on the top of that list is human rights, and that should have a bearing on U.S. foreign policy.

So first of all, I would like to get your reaction, Madam Secretary, to Steven Spielberg's withdrawal from his participation in the Beijing Olympics on humanitarian and in terms of Darfur and human rights grounds. Should the United States not have a stand about the Beijing Olympics?

Secretary RICE. I believe that Mr. Spielberg has made a decision as a private citizen. I think he should do that. I think the role of the United States is not to make judgments about who participates in the Olympics or not, but to continue to stand for the very concerns that we have about human rights and freedoms in China and to use the opportunity to continue to promote those.

Mr. ROHRABACHER. I have found whether it is the Clinton administration or this administration that human rights considerations in dealing with China have not played a high priority as Mr. Lantos would have wanted to have played. On another area, how much money are we asking for, the administration requesting for Afghan reconstruction?

Secretary RICE. Well, we have, let's see, in the 2009 budget—let me get those numbers for you, because you said there is a 2009 budget request and then there is about \$800 million that is also in the supplemental for Afghanistan. And so all told, it is about \$1 billion that is being requested.

[The information referred to follows:]



United States Department of State

Washington, D.C. 20520

MAR 06 2009

Dear Mr. Rohrabacher:

During the Committee on Foreign Affairs hearing on February 13th, Secretary Rice offered to provide additional information regarding reconstruction funding for Afghanistan:

Since fiscal year 2001, the United States' overall assistance for Afghanistan is over \$25.8 billion. This includes an estimated \$17 billion for security, \$1.3 billion for democracy and governance, \$5.1 billion for reconstruction, and \$2.2 billion for humanitarian assistance and operational costs. The \$5.1 billion in reconstruction funding includes efforts in infrastructure, health, education, agriculture, private sector development, and provincial reconstruction. Only through such a broad approach can the United States help create an Afghanistan that is prosperous, at peace, and a partner with the international community.

We seek to maintain the priority the U.S. Government places on reconstruction efforts in our fiscal year 2008 supplemental and the fiscal year 2009 base requests. The fiscal year 2008 supplemental request for \$839 million includes \$5 million for security, \$275 million for democracy and governance, and \$559 million for reconstruction. The reconstruction funding includes \$504 million for infrastructure, \$25 million for education, \$25 million for health, and \$5 million for trade and investment activities. In addition, the fiscal year 2009 base request contains \$334.8 million for reconstruction activities, including \$147 million for roads and power, \$57 million for health, and \$52 million for education.

Reconstruction activities are a critical component to defeat the insurgency and support a stable Afghan Government. With the requested reconstruction funds, the United States will continue to work with the international community to

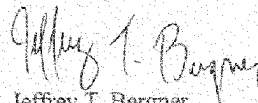
The Honorable
Dana Rohrabacher,
House of Representatives.

- 2 -

provide assistance that elevates the Government's ability to build a social compact with its citizens by providing services and protecting their rights.

We hope this information is useful to you. Please feel free to contact us if we can be of further assistance on this or any other matter.

Sincerely,


 Jeffrey T. Bergner
 Assistant Secretary
 Legislative Affairs

Mr. ROHRABACHER. I think that we have been just inexcusably lax in our commitment to rebuilding Afghanistan. I think that is one of the reasons why we have problems there today, is we did not fulfill our promise to the Afghan people. I think it is very difficult for me as a Member of Congress to take seriously it when this administration claims that we are doing everything we can to help the Afghans rebuild when they are asking for so little money in reconstruction as compared to, for example, AIDS and malaria for Africa. I heard the President's address. He is asking for \$6 billion a year for something that is totally humanitarian projects, versus, as you were saying, \$1 billion a year for a project that is so vital to our national security.

Secretary RICE. Congressman, I think our commitment to Afghanistan over the last 6 years has nearly been \$20 billion. And I would note that we have—

Mr. ROHRABACHER. Of reconstruction and military?

Secretary RICE. No, in terms of—it was \$14 billion in terms of reconstruction before a significant infusion of almost \$5 billion last year. So we have put a lot of money into the reconstruction in Afghanistan. But I think that—I was just there—I was just in Kandahar and I was just in Kabul, and where we have tried to concentrate our resources is in, first, the construction of roads. This is a country with no infrastructure, and in the provision of electrical power to the population, again dealing with the infrastructure problem.

One of the issues that I think we have, I referred to it in my opening remarks, is that the United States has been very generous in reconstruction assistance. In fact, there has been considerable generosity from the international community as well, but I think it is not well coordinated and I think our ability to go into a region, clear it of terrorists, hold it, and then reconstruct it is the problem here.

Mr. ROHRABACHER. Just one thing here, we are running out of time here. It is just that we do have alternatives that we have not

used. There is a herbicide that we have talked about on numerous occasions that we have not used to eliminate in the poppy production. Just like the potato family, the only crop that was affected by that fungus was potatoes; all the other crops were fine. We could eliminate the poppy production in Afghanistan. And quite frankly, I have been pushing for this for probably 6 years now and we haven't moved one step forward, I believe, in testing it. Am I wrong or has the State Department finally agreed to test the herbicide?

Secretary RICE. I think this is a conversation we would need to have in another setting.

Mr. ROHRABACHER. Okay, thank you very much.

Chairman BERMAN. The gentleman's time has expired. The gentleman from New Jersey, Mr. Payne.

Mr. PAYNE. Thank you very much. It is good to see you and I might remind you that it was in 1980 that the U.S. did boycott the Olympics when Russia, USSR, invaded Afghanistan. And I think that what Spielberg has done is great, and I would hope that we would at least have a travel advisory to Americans who intend to go about the dangers of China.

Just quickly on Africa, I just came back from Eritrea and I would—and had a meeting with President Afewerki, who said that he would like to see better relations with the United States, and met with the Somalian Alliance there who are willing to have negotiations to achieve tranquility and humanitarian ceasefire in Somalia. And I would hope we might—met with Sharif Sheik Ahmad, who heads that group. If we could put a little bit more diplomatic work in trying to have a solution there in Somalia, I think, although withdrawal of the Ethiopian troops would certainly help and if we had other AU troops to go in, that would go a long way. I think it would clear the way.

Quickly about Ethiopia-Eritrea decisions, 5 years ago the Border Commission gave Badme to Eritrea and I would hope that we would once again urge Ethiopia to abide by the Border Commission's decision.

Finally, on Chad and Sudan, I would hope that we would once again tell Bashir in Sudan that they have to stop destabilizing Africa as they have sent troops—supported the rebels in Chad.

Just finally, one thing that Ban Ki-moon asked—the only one thing when he came before our committee the first time—is just please give him the support he needs for peacekeeping. Each of the instances we are cutting the amount: Mozambique, 211 requested; 316 needed. We are going to do 211. In Darfur, 550 needed; we are going to do 414. In Chad, virtually nothing; make \$40 million at most.

I would hope that we could somehow look at supporting the new Secretary General, who we supported very much in becoming Secretary General, but to at least give him what he needs to do the peacekeeping.

Thank you.

Secretary RICE. Thank you. If I may, just on a couple of points. I recently traveled to Addis Ababa to have meetings with the AU about several cases, including Somalia. I met there with the Prime Minister of the transitional government. There is a problem that will be helped by peacekeeping forces; and, in fact, we have been

trying to help raise peacekeeping forces for Somalia. But, of course, it is also going to be helped by a broadening of the transitional government there.

I also just want to say, on Eritrea and Ethiopia, we want that border to be resolved. It would help a lot—Isaias, as you know, has been difficult to deal with. I sent Assistant Secretary Frazer to try to meet him, and he refused to see her. Anything that can be done to convince him that it is probably a good idea to talk to the United States would be useful.

On peacekeeping, I did, by the way, see the Foreign Minister of Sudan yesterday. He is SPLM. They are committing and saying that they don't want to have a further situation like we just recently had in Chad. We send the message very strongly that Chad needs to be left stable.

And, finally, as to peacekeeping, some of this is a matter of cash flow. I think Ban Ki-moon would not say that we have been unwilling or unable to meet our peacekeeping obligations. The United States has been able to do that. We do it in a way that we have to keep the funds flowing at the right times, but some of it is sometimes funded, for instance, for Darfur through supplemental appropriations. We are going to try to meet our peacekeeping targets.

If I could just ask one thing: I know what the requests are. If we could have those fully funded, then I think we would be able to meet our obligations.

Mr. PAYNE. Thank you very much.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Illinois, Mr. Manzullo.

Mr. MANZULLO. Thank you, Mr. Chairman.

Madam Secretary, it is good to see you this afternoon.

On January 28th of this year, President Bush issued an export control directive. This is a package of reforms aimed at improving licensing of defense items and services. The directive said that the Directorate of Defense Trade Controls (DDTC) at the State Department would get "additional financial resources and that intelligence support would be made available for the timely adjudication of defense trade licenses."

According to the President's Fiscal Year 2009 budget, however, requests—no additional staff is requested for DDTC licensing, despite an 8 percent increase in the number of defense trade licenses submitted to DDTC last year.

The very modest amount of additional funding requested for DDTC licensing of \$229,000 does not even keep up with inflation. Yet the rest of the State Department budget request is well over the rate of inflation. In fact, it is \$703 million increase.

My question is, How does this budget request for DDTC licensing comport with the President's directive that the funding be made available and increased accordingly?

Secretary RICE. First, let me say the importance of the directive—because ever since I was National Security Advisor, we have been trying to improve the export control flow. It is very important that we not try to be controlling things that we shouldn't be trying to control and that we focus on the high-priority items.

I believe—and I will get you a full answer and a breakout—but my understanding is this is to be funded through fees, and that is

why it isn't a budget request. But let me get you an answer for the record. I will write to you.

Mr. MANZULLO. Thank you. I have given you this question in a letter that we handed to your aide. Thank you very much.
[The information referred to follows:]

DONALD A. MANZULLO
RPM-DT0001-10000
COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON TERRORISM,
NONPROLIFERATION,
AND TRADE CONTROLS
WASHINGTON, DC 20515-1316

Congress of the United States
House of Representatives
Washington, DC 20515-1316

OFFICE OF DEFENSE TRADE CONTROLS
SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION,
AND TRADE CONTROLS
WASHINGTON, DC 20515-1316
TO: DONALD A. MANZULLO, R-PA
FROM: CONDOLEZZA RICE, SECRETARY OF STATE
RE: DEFENSE TRADE CONTROLS
SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION,
AND TRADE CONTROLS

February 13, 2007

The Honorable Condoleezza Rice
Secretary of State
U.S. Department of State
2201 C Street NW
Washington, DC 20520

Dear Secretary Rice:

As you know, I have written to you previously to express my deep concern about the lack of resources provided to the Directorate of Defense Trade Controls (DDTC) generally and the Office of Defense Trade Controls Licensing specifically.

Last year, the House Foreign Affairs Subcommittee on Terrorism, Nonproliferation, and Trade held a hearing on export regulations. During the hearing the Subcommittee found that DDTC was severely understaffed and that their budget has remained static or decreased when adjusted for inflation. Over the last six years the number of licenses has increased by eight percent annually. To keep up with this annual increase DDTC would have to hire three additional licensing officers per year. There has been no increase in the number of licensing officers to date.

Another key finding of the Subcommittee hearing was the vacancies in key positions affecting export license processing. I am heartened that you have appointed Frank J. Ruggiero as Acting Deputy Assistant Secretary for Defense Trade Controls and Robert Kovac as Managing Director of Trade Controls. Their presence is welcome, and I trust that they will be mindful of the past concerns about export control processing expressed by Congress. However, I believe they are at a disadvantage in meeting their objectives in the absence of adequate funding for DDTC.

Adequately funding DDTC is critical for our national security for two reasons. First, when licensing applications result in a faulty decision, our highest technology defense items could be exported inappropriately to the wrong countries. Second, when decisions are unduly delayed in processing defense trade requests to our closest allies, U.S. allies are unable to maintain appropriate military readiness for their personal and regional defense.

Funding DDTC is also critical for preserving American jobs because long delays encourage purchasers to look elsewhere for their defense related needs. This issue is so

2007-02-13 10:00:00
2007-02-13 10:00:00
2007-02-13 10:00:00

2007-02-13 10:00:00
2007-02-13 10:00:00
2007-02-13 10:00:00

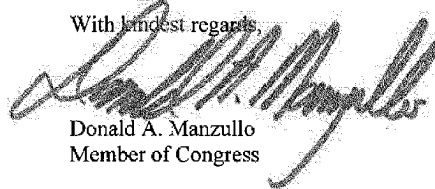
critical to United States manufacturers that a broad coalition of over 19 trade associations have banded together and issued recommendations to improve defense trade control processing by making the system more predictable, efficient, and transparent.

On January 22, 2008, President Bush issued an Export Control Directive in response to this coalition's recommendations. The directive said that DDTC would get "additional financial resources and intelligence support will be made available for the timely adjudication of defense trade licenses." According to the President's budget request for fiscal year 2009, no additional staff is requested for Defense Trade Controls Licensing. The very modest amount of additional funding requested for DDTC Licensing (\$229,000) does not even keep up with inflation – yet the rest of the Department of State's budget request is well over the rate of inflation (\$703.3 million increase).

Madam Secretary, I would greatly appreciate it if you could respond in writing, regarding how this budget request for DDTC licensing will comport with the President's directive from January 22, 2008.

Thank you for your kind attention to this matter.

With kindest regards,



Donald A. Manzullo
Member of Congress



United States Department of State

Washington, D.C. 20520

MAR 24 2000

Dear Mr. Manzullo:

Thank you for your letter of February 13 regarding the allocation of greater resources for the Department of State's Directorate of Defense Trade Controls (PM/DDTC).

The Administration takes the issue of export controls very seriously, as evidenced by the recently signed Presidential Directive. As a result, the Department is tasked to provide the Office of Management and Budget with a plan that outlines the resources required to carry out all tasks assigned under the directive. During development of the plan we will fully assess how the registration fees collected can be utilized to self-finance PM/DDTC's operations. In that regard, an increase in these fees may be required to ensure that these operations have sufficient resources.

We hope that this information is helpful to you. Please contact us if we can be of any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey T. Bergner".

Jeffrey T. Bergner
Assistant Secretary
Legislative Affairs

The Honorable
Donald A. Manzullo,
House of Representatives.

Chairman BERMAN. The gentleman yields back the balance of his time. I thank the gentleman.

The gentleman from Florida, Mr. Wexler.

Mr. WEXLER. Thank you very much Mr. Chairman.

Madam Secretary, over the past month, startling revelations have come forward that specifically relate to your conduct prior to 9/11 and in the run-up to the war in Iraq. A recently released study by the nonpartisan Center for Public Integrity revealed that you, along with President Bush and top administration officials, made a total of 935 false public statements in an orchestrated attempt to take this Nation to war. Here is a stack of these false statements right here, all 935 of them.

This study has found that you, Madam Secretary, made 56 false statements to the American people where you repeatedly pump up the case that Iraq had weapons of mass destruction and exaggerate the so-called relationship between Iraq and al-Qaeda.

Madam Secretary, can you please tell us, isn't it true that you had intelligence that cast doubt on your repeated claims that Iraq did have weapons of mass destruction?

Secretary RICE. No, it is not true, Congressman. With all due respect, I think if you look back at the key judgments of the intelligence estimate about Iraq's weapons of mass destruction, you will see that those judgments supported the views of many intelligence agencies worldwide, the views of the United Nations inspectors, that Iraq must have been hiding something. Our own intelligence estimate said that Iraq had reconstituted its biological weapons program, its chemical weapons program; and the only disagreement was whether or not they had reconstituted their nuclear weapons program, although there were certainly elements, including the CIA, that believed that they were in the process of doing so.

Now, Congressman, I take my integrity very seriously; and I did not at any time make a statement that I knew to be false or that I thought to be false in order to pump up anything. Nobody wants to go to war. Saddam Hussein was a threat to this country. We had gone to war against him in 1991. President Clinton had gone to war against him in 1998. We were in a state of war with him. This was a cessation of hostilities, not an armistice. Let us remember that our pilots were actually flying missions, Southern Watch and Northern Watch, and being shot at by his air defenses.

I'm sorry, Congressman, because you have questioned my integrity, I ask you to let me respond.

Now, we have learned that many of the intelligence assessments were wrong. There have been many, many investigations of that, including by the Senate Select Intelligence Committee and a number of others; and we have gone to extraordinary lengths to reform our intelligence agencies so that they can make better assessments of situations in which you have nontransparent governments that will not answer the just demands of an international community that had sanctioned and had resolutions against Saddam Hussein many times.

So, no, Congressman, at any time did I intend to or do I believe that I did put forward false information to the American people.

Mr. WEXLER. I simply asked if you had intelligence that was contrary to the intelligence that you reported repeatedly to the American people that Iraq did have weapons of mass destruction.

Secretary RICE. Congressman, I would suggest that you go back and read the key judgments of 2002. I think that would answer your questions.

Mr. WEXLER. The answer to the question, Madam Secretary, is that in fact there were contrary reports. You chose to weigh the reports that supported your belief.

Secretary RICE. Congressman, no—

Mr. WEXLER. My point is—

Secretary RICE. Congressman, I chose to use—Congressman, I'm sorry. I am going to answer this.

Congressman, I chose to use what every administration uses, which is the collective wisdom of the intelligence community that is in a national intelligence estimate.

I again ask you to go back and read the key judgments from 2002 about the state of Saddam Hussein's weapons programs; and I think you will see that it was the judgment of the intelligence community as a whole that he had reconstituted his biological weapons program, reconstituted his chemical weapons program and was seeking to do so with his nuclear weapons program and might do so in a year if he got foreign assistance. That was the collective wisdom of the intelligence community. I will be the first to say that it was not right.

Mr. WEXLER. Madam Secretary, unfortunately, the American people were denied the opportunity to hear the other side. You may have rightfully or wrongfully reached your conclusion, but a legitimate question is, Why weren't the American people told that there was contrary intelligence?

Secretary RICE. Congressman, I'm sorry. I sat through the briefings for the House and for the Senate done by the intelligence community. We were there to provide policy advice, but either John Tenet or John McLaughlin gave those briefings. And, Congressman, the American people were told what their intelligence community as a whole believed to be the assessment concerning Iraq's programs.

I just want to repeat to you that not only was it our intelligence community, there were other intelligence communities that believed the same. If we did not believe that, it is very strange that we put Iraq under several Security Council resolutions numbering 16 or 17 demanding that Saddam Hussein answer for his weapons of mass destruction programs, that the resolution, 1441, which was a unanimous resolution of the Security Council saying that he had to answer for his weapons of mass destruction programs—I would be the first to say the intelligence was not right, and we have gone to great lengths to reorganize it so that we can have better intelligence.

But to claim, Congressman, that there were other things that we somehow hid from the American people is simply not right.

Chairman BERMAN. The time of the gentleman has expired; and the gentleman from South Carolina, Mr. Wilson, is recognized for 5 minutes.

Mr. WILSON. Thank you, Mr. Chairman; and, Mr. Chairman, I want to wish you well and best wishes as chairman.

We all have benefited from the service of Chairman Tom Lantos, and I will always cherish the times that he expressed that he was the most optimistic Member of Congress, and I know he would want to be here, Madam Secretary, with your fine comments for him. And I want to thank you for your very successful efforts in protecting American families and by representing our country so well.

Additionally, on your most recent visit to Iraq this month, I would like your assessment as to the political situation there, the executive, legislative, grassroots levels. How do you feel about the developments in Iraq?

Secretary RICE. Thank you, Congressman.

I would first make the point that, obviously, the men and women in uniform and the surge have improved the security situation. It is still fragile, but it has improved. And the Iraqis have taken advantage of that opportunity in several ways.

First of all, at the local level, there are local citizens committees, people who are coming out to defend their communities and their districts against al-Qaeda, against special groups that would terrorize them—the Awakening group of Anbar is perhaps the most famous—but there are these committees in the neighborhoods of Baghdad, in the south and in many other places. Those efforts are supported by provincial local district councils that are coming alive.

We have supported them through our provincial reconstruction teams that are able to get down to the local level and help people to provide for their citizens at a local level.

We are finally even seeing movement at the national level. I think we know that it has been slower than we would have hoped, but they have passed in the last few months a pension law, an investment law, a de-Baathification act called Accountability and Justice Reform. Just today they passed a provincial powers law that should provide a basis for the relationship between the provinces and the center and also provide the basis on which provincial elections can take place. They also passed a 2008 budget, and they passed an amnesty.

So I think they are moving along. It is tough. It is not easy to learn to use politics rather than tyranny and violence, but they have made some progress.

Mr. WILSON. I particularly appreciate you citing the success of our military. I have had two sons, Army and Navy, serve in Iraq. I have visited eight times. As I see the young people who are protecting our country, they are making a difference; and I am so grateful for the leadership of General David Petraeus.

Additionally, I have a great interest in Afghanistan. My former National Guard unit, the 218th Brigade, is led by General Bob Livingston, is leading the effort to train the Afghan National Police. We have 1,600 troops from South Carolina, the largest deployment since World War II of troops from our State.

What is your assessment of the activities for the police and Army in Afghanistan?

Secretary RICE. I think the general assessment—and I was just in Kandahar and in Kabul—is that the Army is doing well. I think

they are going to increase the number in the Army to as many as 80,000, maybe a little bit more. Because the Army is a truly national institution, and people believe that it is fighting well.

The police are a more difficult matter; and if there is anything that I have learned, whether it is Colombia or Haiti or Liberia or Iraq, the police tend to be harder to form. But I met a really fantastic American one-star general who is working with the international security assistance forces in the south. They have a good new program for police training, mentoring of police, and building police stations in communities so that people feel secure.

But we are going to have to take a really hard look at how to increase the police capability. In counterinsurgency, when you clear with the Army forces, you need to be able to hold with police forces so that you can then build reconstruction.

So that is the story of the police in Afghanistan. I think we will want to look to make the police better and particularly to make sure that the international efforts to build police are completely coordinated with what is being done by our own force.

Mr. WILSON. And I appreciate earlier you stated greater emphasis on provincial reconstruction teams, and I have had the opportunity to visit in Kost and Jalalabad. I have seen firsthand wonderful people, USAID, making an effort to help the people of Afghanistan.

Thank you again for your leadership and, again, protecting American families. Thank you.

Secretary RICE. Thank you.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Massachusetts, Mr. Delahunt.

Mr. DELAHUNT. Thank you, Mr. Chairman.

Madam Secretary, I welcome your statement regarding keeping the Congress informed regarding the proposed bilateral agreement, particularly your reference to full transparency. I think it is important because I believe that the American people deserve to know as much as possible about their future and the relationship between the United States and Iraq as we go forward prospectively.

My committee, along with the committee chaired by Mr. Ackerman, has had three hearings on the so-called declaration of principle signed by President Bush back in November; and on each occasion we invited a representative of the Department of State. I had sent you a letter and had received no response. So is it safe for me now to conclude that at the next hearing that we will have a representative of the Department of State?

Secretary RICE. Absolutely.

Mr. DELAHUNT. Thank you.

You know, let me go back to that op-ed piece that you penned this morning with Secretary Gates, because I think this is a very, very important issue. Because it dictates the future course of the relationship and our responsibilities and concomitant responsibilities on the part of the Iraqi Government.

You mentioned in that piece that the United States has a number of these status of forces agreements. I also note the use of the term "strategic framework agreement," which I am guessing is somewhat different. I don't want to go into that now. But I can't find a single status of forces agreement that confers on the United

States military the authority to engage in military action to defend the host country from foreign or internal aggression. And if you can consult with your very able staff and get back to me on that, I would like to have that information, if it exists, made known to myself and to my constituents and I am sure the rest of the American people. Because I don't know what the agreement is, but it certainly does not appear to be a so-called typical SOFA.

And let me just conclude with one question, another question. You are very clear and you stated here unequivocally that there is no binding obligation to act in the common defense in the event of an armed attack on Iraq. Of course, the declaration of principles would lead you to another conclusion, not only from foreign aggression but internal aggression, and that can be the subject of future hearings. But I guess, as I reflect, I guess my key question is, Would the proposed agreement, whatever you want to call it, give the United States the right—not the obligation, but the right—to defend Iraq from foreign or internal aggression? And, if it does, do you conclude that it confers—it would confer sufficient legal authority to use military force to defend Iraq from either internal or foreign aggression without congressional authorization?

Secretary RICE. Well, Congressman, the first point that I would like to make is about the SOFA point, which is that the SOFAs—I think if you look at them around the world, they are highly tailored to the specific circumstances. The principal concern here is that our forces be able to continue to operate in Iraq after the expiration of the U.N. Security Council resolution.

Because whatever we as a country, the next President, whoever, decides that they want to do, I think there is an understanding that there are going to be some things that we want our forces to do.

Mr. DELAHUNT. If you would allow me to interrupt, the typical SOFA confers immunity from prosecution by the host country. That is the commonly accepted understanding of the term SOFA, status of forces agreement. And as I look at the 115 countries with which we have these status of forces agreements, that is what it is about. It is not about the authority to engage in military combat.

Secretary RICE. But we also have one with Afghanistan that is somewhat different. Some of them are really very detailed, down to the question of postage and postal services—

Mr. DELAHUNT. And I understand all of that.

Secretary RICE [continuing]. So they are very varied.

But the point I wanted to make is that, obviously, our forces are still operating in Iraq; and we have come to a point at which the Iraqis, I think rightly, in asserting their sovereignty want to move to a more normal relationship. I think we will work with them, and we will continue to brief the Congress and keep you apprised, to determine what kinds of protections we need for our forces so that they can do their work there.

In terms of whether or not we would be defending at some point or choosing to operate there to defend Iraq from external or internal attack, I think, of course, those are questions of our own national interests and how we would view a particular circumstance at a particular time. And under—

Mr. DELAHUNT. And, again, I apologize, let me interrupt. The next administration could very well have a significantly different definition of national interest than the Bush administration.

Secretary RICE. Yes, absolutely. And this does not tie the hands of the next President. But it does permit that on December 31st our forces would not be without protections in Iraq.

Mr. DELAHUNT. If the Chair would indulge me for one observation.

Chairman BERMAN. I will indulge.

Mr. DELAHUNT. I would point out that, under order 17 of the CPA (Coalition Provisional Authority) that conferred immunity on American troops, that still would exist and was swept into the Iraqi Constitution. So that if the mandate expires and American troops are still there, they are protected in terms of any legal responsibility or culpability as far as Iraqi law is concerned.

Secretary RICE. What we don't want, Congressman, is any uncertainty about the authorities under which our forces are operating; and given that this is a sovereign government, given that the U.N. Security Council resolution will expire and the Iraqis do not want to extend it, I think going to a normal basis for our troops is extremely important.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Nebraska, Mr. Fortenberry.

Mr. FORTENBERRY. Mr. Chairman, let me thank you for your kind remembrance of Chairman Lantos. He graced our panel with such dignity and eloquence and incisive wit and clearly had formidable command of the most intimate details of foreign operations. I, as well, considered him to be a dear friend and a mentor; and he will be missed.

Madam Secretary, welcome. I greatly appreciate your perspectives as well on our foreign operations as well as your dignified responses today.

Our foreign assistance programs represent the face of the United States overseas. Their effectiveness, the integrity with which they are implemented and the values they convey speak volumes about who we are as a people.

The United States, it is important to note, is the most generous benefactor to the suffering throughout the world; and whether we embrace it and want it or are fatigued by it, the mantle of leadership in world affairs falls to our shoulders.

In that regard, Madam Secretary, in our previous gathering we had the opportunity to dialogue on a renewed spirit of diplomacy in the Middle East, a diplomatic surge, if you will, to complement and enhance our security efforts; and I wanted to follow up with you on that.

I believe we now have a fledgling opportunity to strengthen new regional security cooperation. I would like to hear an update on any progress made in that regard and the resources being applied there with the responsible neighbors in the area.

Secretary RICE. Thank you.

I do think that we have an opportunity, first of all, with the Gulf States, our long-time allies in the Gulf States. We have had interests there since Franklin Roosevelt. But there is a renewed interest in cooperation, defense cooperation. There are some defense co-

operation items that have been notified to the Congress. Because, given the regional changes, particularly, frankly, with Iran, I think it is important that we make clear that we are going to be a presence in the Gulf; and we are going to will help our allies defend themselves.

We, also, out of the Iraq engagement, have begun to engage Iraq's neighbors through an Iraq's expanded neighbors conference. I have just accepted the invitation of the Kuwaitis for a meeting of that that will take place toward the end of April. It also provides a kind of forum in which these interests can be pursued.

I would finally note that we are working very intensively to make sure that Iraq, Afghanistan, Lebanon, and others have—and, to a certain extent, the Palestinians—have the kind of increasing security capability themselves so that they can be stabilizing factors in the region, not destabilizing factors.

I think the security situation of the United States has the chance to improve for the long run as a result of these efforts.

Mr. FORTENBERRY. So they are being formally institutionalized? That is what we spoke about the last time. I realize it is fledgling at this point.

Secretary RICE. Yes, the Gulf security dialogue is bilateral, and Bob Gates has been engaging people multilaterally as well. We have the GCC plus Egypt and Jordan, which is another forum. I wouldn't expect anything that looks like too formal an organization, but I do think that what we are providing is intensified bilateral ties and then multilateral fora in which those efforts can be strengthened and supported.

Mr. FORTENBERRY. Any projections on potential outcomes there? Time line?

Secretary RICE. There is a lot of interest. It is a different region than most places, and I think there is some reluctance to have too formal structures. But I would say that if you think of it as kind of wheel and spokes, we have both intensified those efforts and strengthened our security position and that of our allies.

Chairman BERMAN. The gentleman's time has expired.

The gentleman from New York, Mr. Meeks.

Mr. MEEKS. Thank you, Mr. Chairman.

I just want to add my word that we will all miss Chairman Lantos, who really did a great service to this country and indeed to the world; and he will be missed. And I know that we will have the appropriate time to make further statements in that regard.

Likewise, Mr. Chairman, I look forward to your chairmanship and look forward to working with you. You are a man who has distinguished himself long ago in this Congress, and now to have you as a chair of this committee and for me to serve on this it is an honor for me. So I look forward to working with you.

Madam Secretary, I want to move to a different region, but before I do I just wanted to make sure—cause I was not sure that I heard an answer to one of Mr. Delahunt's questions of whether or not you felt you had sufficient authority, without coming back to the Congress, in regards to acting as an ally to Iraq and as far as using our forces against the insurgents, et cetera. I did not hear an answer. I was wondering if you could just tell us, do you have authority? Do you have to come back to Congress?

Secretary RICE. Well, I would just say, Congressman Meeks, of course, we are in the midst right now of military operations in Iraq. I think the President is going to do, on advice of his commanders, what we need to do to defend ourselves, to defend the interests and the concerns that we have in Iraq; and we are in the midst of an engagement there.

I think the questions probably arise as to what would happen in the future; and there I don't want to limit any President's authority, because, of course, this is a long-standing constitutional issue. But I think you would see that there has been a tradition, both with our administration and with others, of consultation with Congress about these matters; and I would expect those to continue.

Mr. MEEKS. Let me go to now the subject matter that I wanted to go to, another continent, our neighbors to the south. Extremely concerned about South America, Central America, the Caribbean. And I know that in the President's Fiscal Year 2009 budget, I am thankful for the additional 2 percent, \$32 million, that is in that budget, after it had been cut for, I guess, 4 years or so.

Not included in that budget, though, and I am very supportive of Plan Colombia and now with what we are looking to do for Mexico, but that is a substantial part of the budget. And a number of other—and I hear from leaders in South America and a number of the other countries, is the need to help for social programs and the alleviation of poverty and education and the income inequality. We don't seem to be putting any substantial amount of money in those areas equivalent to what we put in security and counternarcotics, which is causing some problems.

I am going to tie this in to another concern of mine, because it seems that South America becomes divided. Some of that is around who can be—who are our friends and who is not our friends, and they are trying to align themselves.

And, for example, when—and I know it is difficult because of the words that go across the bow between us and Venezuela, Venezuela and us. But it seems as though that Bolivia and Ecuador sides on one side, and then we have Colombia and others standing someplace else. I talked to some of my colleagues in Brazil who feel that they are twixt between the two sides.

My question there is, for example, the last elections that they had where the Venezuelan people decided that they were not going to give President Chavez the opportunity to be President for life. But President Chavez indicated that he would abide by the people's decision, which he did, which seems to me to be some form of democracy that is taking place, that the Venezuelan people are determined to take a stand when they feel that they have to take a stand.

I saw a similar situation when I went to the Venezuela at the referendum of his presidency where people waited in long lines, and I saw democracy actually at work. It may not have been the outcome that we liked, but, in fact, there was democracy that was taking place. And it seems as though that we missed the opportunity to possibly get some words—to get to a diplomatic position where we do soften words, where we do see democracy taking place.

And so I am wondering, have we missed some opportunities? I mean, particularly given the fact that, when there was a coup d'etat, we did acknowledge the coup government at that time and that wasn't a democratic process back in 19—I think it was——

Secretary RICE. 2002.

Mr. MEEKS. 2002. So I am just wondering about the whole stability of South America and our positioning there and whether we are missing some golden opportunities.

Secretary RICE. First, Congressman Meeks, thank you for your continuing interest and your work there. I know you have been very active.

The first point I would make, if you look at the assistance, there has been, of course, a doubling of foreign assistance to Latin America during this administration. Even if you back out the Merida initiative this year, there is still an increase in assistance to Latin America. So it is not all security assistance.

Plan Colombia has been moving with more and more in the way of support to institutions, to justice reform, and less directly to the—not just to the Army. So I think we have been moving in those directions.

I would just make one point, which is if I could do one thing in Latin America it would be make sure that we get the free trade agreements through. Because Colombia, which was on the precipice of being a failed state in 2000, first with the Clinton administration and then with our administration, we have helped the Colombian people take back their streets.

I was just in Medellin, a place that was synonymous—in fact, Congressman Scott was there with me—it was synonymous with trouble. Pablo Escobar. It is now a functioning city.

What we need to do is continue to support governments like Colombia as they come out of the horrors. They still have work to do on human rights, on impunity, all of those things. But they are going to be better off with our support, not without it; and we need to be clear in that.

I believe that if you think about what we have done with our policies in Latin America, the President has made very clear that we don't have a side, that we are on the side of democracy; and it really does not matter if you are a government from the left or a government from the right. We have excellent relations with the large state there, Brazil. We have equally good relations with Chile, very good relations with Uruguay, all governments to the left. We have excellent relations with Peru, a government that we would not have thought—and even a country like Nicaragua, where we have a long history, so to speak, with that government. The Millennium Challenge program that we have in Nicaragua has been popular whether you are a Sandinista mayor or not because of the benefits of that program to the people.

So we have tried to stand for not left or right but for democracy and prosperity, open markets and social justice. I would be the first to say that I think the social justice part of our message has gotten sharper and stronger over the last couple of years, and that has helped us in Latin America. They still have a lot of challenges, but it is a part of the world that has come a long way, and we need to continue to be good partners.

Chairman BERMAN. The time of the gentleman has expired.

We have about 4 or 5 votes, depending on Republican strategy, coming up. But perhaps we could get one more question in this round; and I would like to recognize our new member, new colleague, the gentleman from Virginia, Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman. It is a great honor and a privilege to be part of this committee.

And I also would like to reflect on Chairman Lantos' legacy here with this committee. I only knew him a short time, but he was a man of extensive knowledge in foreign affair and deep passion, and we will all miss him.

Madam Secretary, since the last time you testified before this committee, Iran had continued to progress in its nuclear program in violation of two U.N. Security Council resolutions. According to the recent NIE, if Iran continues its enrichment activity, it will likely be able to produce sufficient fissile material or fuel for a weapon by the early part of next decade and a weapon shortly thereafter. What is the current status of the UNSC resolution on Iraq and what is included in the resolution and what do we expect our allies to do once it is passed?

Secretary RICE. Thank you.

Recently, in Berlin, actually a couple of weeks ago, the six parties—Germany, plus the P5, came to agreement on the elements of a resolution. That resolution is now being put together and debated and shared broader in the Security Council. I would hope that within a few weeks at least we would be able to get an affirmative vote.

I do think that these Security Council resolutions, they are not as strong as the United States would like, but they have the effect of reminding Iran that it is isolated from the international community. In this case, as Congresswoman Ros-Lehtinen mentioned, this one has a new provision on cargo inspection which we think could be very important. Again, it is not as strong as we would want, but it opens a new direction which would be very important. It also deepens some of the sanctions on asset freezes and the like.

We have also been able to use measures outside of the Security Council, such as the Treasury 311s that prevent the Iranians from using the international financial system for ill-gotten gains. That is why we designated the IRGC and designated the Quds force. We are going after the finances, we are going to keep going after their finances, and we want our friends around the world to be more aggressive on that side.

I, frankly, think that the immediate aftermath of the NIE was to cause people to relax a little too much. But, as Director McConnell said, that should never have been the reading of the NIE because the piece of this that is dangerous is the enrichment and re-processing activity. I think we have gotten people gathered again around that recognition and will continue to pursue this.

There is some evidence that the isolation is starting to have an effect. We are not looking for moderates in Iran. We are looking for reasonable people that may not want to be isolated, and we will continue to pursue these policies to try to achieve that.

Mr. WITTMAN. Thank you, Mr. Chairman.

Chairman BERMAN. The gentleman's time has expired.

The committee will now recess. We will find you a place to do your business. This could be a 30- to 40-minute stretch; and then we will come back for the remaining members who wish to question you. Mr. Sherman would be the first person to be recognized.

The committee will be in recess.

[Recess.]

Chairman BERMAN. Madam Secretary, there is still one more vote on, and we will not tell you what we are doing with that vote, but basically ignoring it, but we thought we would get started so you could finish sooner. And it is now my time to recognize the gentleman from California Mr. Sherman for 5 minutes.

Mr. SHERMAN. I have a lot of questions on the record. For the Fiscal Year currently in progress, the administration requested \$35 million for Armenia; the Congress provided \$58 million. Now your current budget request not only is less than what we provided for this year, \$58 million, it is less than what you requested last year. You are down to \$24 million. And we see an increase in the funds for Azerbaijan. And this seems to add injury on top of the insult where we were asked not to take up the Armenian genocide resolution. One would have thought that given that Congress acquiesced on that, that there would be more in this budget for Armenia.

The second thing picks up on Mr. Manzullo's question in the DDTC. What we have is \$122 billion of U.S. exports, all of which have to funnel through 44 licensing officers. In order to get this program on target, it will take another \$5 million. If we fail to get it on target, you are going to see the offshoring of arms production, and that is not only bad for jobs, it builds up the capacity of arms manufacturing outside the United States and undermines the whole goal of DDTC, which isn't just to make sure our arms don't get in the wrong hands, but to make sure that bad people don't get the capacity to do bad things.

A year ago you committed to coming up with a solution. A year went by, and then the President said, "Well, you have got 90 days to come up with a plan." And now in response to Mr. Manzullo, you are proposing additional fees. In this town I can't imagine that you are going to get additional fees adopted by the end of this administration. And here we are, for want of \$5 million, not having fast review of some \$122 billion of exports. So I would hope that you would supplement your request and ask for the \$5 million. I assure you that the increased income taxes by the companies involved will more than pay for it.

We had a public law passed requiring that the State Department process fiancés and immediate relative visas, that they ought to be processed within 30 days, and non-immediate relatives within 60 days; that is, once a person is eligible for an interview, all the documents have been received by DHS, and that that should go through within, I believe, 30 days. I hope you would respond for the record as to whether the administration is achieving the objectives set forth in Public Law 107-228.

Building on the discussion on Iran, I would like to put into the record the reports of both CRS and the GAO, which outlines so many investments, over \$20 billion of investments, in the Iran oil sector.

Chairman BERMAN. Without objection, those reports will be included in the record.

[NOTE: The GAO report is not reprinted here but is available in committee records. The CRS report referred to follows:]



Order Code RS20871
Updated January 23, 2008

CRS Report for Congress

The Iran Sanctions Act (ISA)

Kenneth Katzman
Specialist in Middle Eastern Affairs
Foreign Affairs, Defense, and Trade Division

Summary

No firms have been sanctioned under the Iran Sanctions Act (ISA), although the GAO reported in December 2007 said that the effects on Iran's economy of ISA and of other U.S. sanctions are "difficult to determine." Legislation in the 109th Congress (P.L. 109-293) extended ISA until December 31, 2011, terminated application to Libya, and added provisions. Legislation in the 110th Congress, such as H.R. 1400 (passed by the House on September 25, 2007), would add still more provisions. See CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

Background and Original Passage

The Iran Sanctions Act (ISA), originally called the Iran-Libya Sanctions Act (ILSA), is one among many U.S. sanctions in place against Iran. It was enacted in a context of tightening U.S. sanctions on Iran, in response to Iran's stepped up nuclear program and its support to terrorist organizations such as Hizbollah, Hamas, and Palestine Islamic Jihad. The year before enactment, an Executive Order, 12959 of May 6, 1995, banned U.S. trade with and investment in Iran. The rationale was that these sanctions would curb the strategic threat from Iran by hindering its attempts to modernize its petroleum sector, which generates about 20% of Iran's GDP. Iran's onshore oil fields, as well as its oil industry infrastructure, are aging and need substantial investment, and its large natural gas resources (940 trillion cubic feet, exceeded only by Russia) were undeveloped when ISA was first considered. Iran has 136.3 billion barrels of proven oil reserves, the third largest after Saudi Arabia and Canada (according to *Oil and Gas Journal*, January 2007).

In 1995 and 1996, U.S. allies refused to impose sanctions on Iran, and the Clinton Administration and Congress believed that it might be necessary for the United States to try to deter their investment in Iran. The opportunity to do so came in November 1995, when Iran first opened its energy sector to foreign investment. To accommodate its philosophy of retaining control of its national resources, Iran developed a "buy-back" investment program in which foreign firms recoup their investments from the proceeds of oil and gas discoveries but do not receive equity stakes.

With input from the Administration, some in Congress developed legislation to sanction such investment. On September 8, 1995, Senator Alfonse D'Amato introduced the "Iran Foreign Oil Sanctions Act" to sanction foreign firms' exports to Iran of energy technology. The bill passed the Senate on December 18, 1995 (voice vote) but, this version instead sanctioned *investment* in Iran's energy sector. On December 20, 1995, the Senate passed a version applying the legislation to Libya as well, which was refusing to yield for trial the two Libyan intelligence agents suspected in the December 21, 1988, bombing of Pan Am 103. The House passed its version of the bill, H.R. 3107, on June 19, 1996 (415-0), and then concurred on a slightly different Senate version adopted on July 16, 1996 (unanimous consent). It was signed on August 5, 1996 (P.L. 104-172).

Key Provisions. ISA requires the President to impose at least two out of a menu of seven sanctions on foreign companies (entities, persons) that make an "investment" of more than \$20 million in one year in Iran's energy sector.¹ The sanctions menu (Section 6) includes (1) denial of Export-Import Bank loans, credits, or credit guarantees for U.S. exports to the sanctioned entity; (2) denial of licenses for the U.S. export of military or militarily-useful technology to the entity; (3) denial of U.S. bank loans exceeding \$10 million in one year to the entity; (4) if the entity is a financial institution, a prohibition on its service as a primary dealer in U.S. government bonds; and/or a prohibition on its serving as a repository for U.S. government funds (each counts as one sanction); (5) prohibition on U.S. government procurement from the entity; and (6) restriction on imports from the entity, in accordance with the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. 1701). In the original law, the President may waive the sanctions on Iran if the parent country of the violating firm agrees to impose economic sanctions on Iran (Section 4(c)), or if he certifies that doing so is important to the U.S. national interest (Section 9(c)). It terminates application to Iran if Iran ceases its efforts to acquire WMD and is removed from the U.S. list of state sponsors of terrorism. Application to Libya terminated when the President determined on April 23, 2004, that Libya had fulfilled the requirements of all U.N. resolutions on Pan Am 103.

Traditionally skeptical of imposing economic sanctions, European Union states opposed ISA as an extraterritorial application of U.S. law. In April 1997, the United States and the EU agreed to avoid a trade confrontation in the World Trade Organization (WTO) over it and a separate Cuba sanctions law, P.L. 104-114. The agreement contributed to a May 18, 1998, decision by the Clinton Administration to waive ISA sanctions ("national interest" grounds — Section 9(c)) on the first project determined to be in violation: a \$2 billion² contract (September 1997) for Total SA of France and its partners, Gazprom of Russia and Petronas of Malaysia to develop phases 2 and 3 of the

¹ The definition of "investment" in ISA (Section 14 (9)) includes not only equity and royalty arrangements (including additions to existing investment, as added by P.L. 107-24) but also any contract that includes "responsibility for the development of petroleum resources" of Iran. The definition excludes sales of technology, goods, or services for such projects, and excludes financing of such purchases. For Libya, the threshold was \$40 million, and sanctionable activity included export to Libya of technology banned by Pan Am 103-related Security Council Resolutions 748 (March 31, 1992) and 883 (November 11, 1993).

² Dollar figures for energy investment contracts with Iran represent public estimates of the amounts investing firms are expected to spend during the life of the project, which might in some cases be several decades.

25-phase South Pars gas field. The EU pledged to increase cooperation with the United States on non-proliferation and counter-terrorism, and the Administration indicated future investments by EU firms in Iran would not be penalized.

ISA was to sunset on August 5, 2001, in the context of somewhat improved U.S. relations with both Iran and Libya. During 1999 and 2000, the Clinton Administration had eased the trade ban on Iran somewhat to try to engage the relatively moderate Iranian President Mohammad Khatemi. In 1999, Libya yielded for trial the Pan Am 103 suspects. However, proponents of renewal maintained that both countries would view its expiration as a concession, and renewal legislation was enacted in the 107th Congress (P.L. 107-24, August 3, 2001). This law required an Administration report on ISA's effectiveness within 24 to 30 months of enactment; that report was submitted to Congress in January 2004 and did not recommend that ISA be repealed.

Modifications in the 109th Congress. With U.S. concern about Iran's nuclear program increasing, ISA was to sunset on August 5, 2006. Members, concerned that foreign companies had begun to ignore ISA, introduced the "Iran Freedom and Support Act" (H.R. 282, S. 333) to extend ISA indefinitely, to increase the requirements to justify waiving sanctions, to set a 90-day time limit for the Administration to determine whether an investment is a violation (there is no time limit in the original law), and to authorize funding for pro-democracy activists in Iran. H.R. 282 (passed by the House on April 26, 2006 by a vote of 397-21) would have cut U.S. foreign assistance to countries whose companies violate ISA and applied the U.S. trade ban on Iran to foreign subsidiaries of U.S. companies. To prevent expiration while these bills were being considered, there was a temporary extension until September 29, 2006 (P.L. 109-267). The version that ultimately was passed was H.R. 6198, which addressed Administration demands for flexibility; H.R. 6198 recommended, but did not require, a 180-day time limit for a determination of violation. It made sanctionable sales of WMD-useful technology or "destabilizing numbers and types of" advanced conventional weapons, added a required determination that Iran "poses no significant threat" to terminate application to Iran, changed the multi-lateral sanctions waiver provision ("4(c) waiver," see above) to a national security interest waiver, and recommended against U.S. nuclear agreements with countries that supply nuclear technology to Iran. It extended ISA until December 31, 2011, formally dropped Libya, contained a provision to curb money-laundering by criminal groups, terrorists, or proliferators, and formally changed the name of the law to the Iran Sanctions Act. H.R. 6198 was passed by the House and Senate by voice vote and unanimous consent, respectively, and was signed on September 30, 2006 (P.L. 109-293).

Effectiveness and Ongoing Challenges

Successive Administrations have argued that ISA has slowed Iran's energy development, but, as shown by the projects agreed to below and as discussed in a December 2007 report by the GAO, its effect on Iran is difficult to determine. The GAO report (Iran Sanctions: Impact in Furthering U.S. Objectives in Unclear and Should be Reviewed. GAO-08-58, December 2007) contains a chart of post 2003 investments in Iran's energy sector, totaling over \$20 billion in investment, but the GAO table includes petrochemical and refinery projects, as well as projects that might not exceed the \$20 million/one year investment threshold. The table below lists oil and gas exploration and development investments only. The projects listed in the table and in the GAO report are said to be under review for ISA sanctions by the State Department (Bureau of Economic

CRS-4

Affairs), but no determinations of violation have been announced. State Department reports to Congress on ISA, required every six months, state that U.S. diplomats raise U.S. policy concerns about Iran with both investing companies and their parent countries. Many of the projects agreed before 2004 are now producing gas or oil. Some experts believe that what investment has been deterred has been caused more by Iran's aggressive negotiating style than by ISA. The investment has not boosted Iran's sustainable oil production significantly — it is still about 4.1 million barrels per day (mbd) — and analyses, including by the National Academy of Sciences, say that, partly because of growing domestic consumption, Iranian oil exports are declining to the point where Iran might have negligible exports of oil by 2015.³ Others maintain that Iran's gas sector, virtually non-existent in 1998, is becoming an increasingly important factor in Iran's energy future because of foreign investment.

ISA's definition of "investment" does not include oil or gas purchases from Iran, but does include construction of energy routes to or through Iran because such routes help Iran develop its petroleum resources. The Clinton Administration used that argument to deter energy routes involving Iran and thereby successfully promoted an alternate route from Azerbaijan (Baku) to Turkey (Ceyhan), which became operational in 2005. However, no sanctions have been imposed on a 1997 project viewed as beneficial to U.S. ally Turkey: a natural gas pipeline from Iran to Turkey (each country constructing the pipeline on its side of their border). The State Department said that the project did not violate ISA because Turkey would be importing gas from Turkmenistan, not Iran, and would therefore not benefit Iran's energy sector directly. However, direct Iranian gas exports to Turkey began in 2001, and, as shown in the table, in July 2007 a preliminary agreement between Iran and Turkey would expand that arrangement to transshipment of Iranian gas to Europe, via the Iran-Turkey pipeline. Construction of oil refineries or petrochemical plants in Iran — included in the referenced GAO report — would also appear to constitute projects that develop Iran's petroleum resources. Iran has plans to build or expand — possibly involving new foreign investment — at least eight refineries in an effort to ease gasoline imports that have totaled as much as 30% of Iran's needs in early 2007. However, it is not clear whether or not Iranian investments in energy projects in other countries, such as reputed Iranian investment to help build five oil refineries in Asia (China, Indonesia, Malaysia, and Singapore) and in Syria, reported in June 2007, would constitute sanctionable investment under ISA.

Further major tests loom, and some of the large, long-term deals between Iran and several Asian countries, listed below, could significantly enhance Iran's energy export prospects. Most of the value of these agreements includes long-term contracts to purchase Iranian oil and gas, and the exact investment amounts for the exploration and production phases of these projects are not known. A related deal, particularly those involving several Indian firms, is the construction of a gas pipeline from Iran to India, through Pakistan, with a possible extension to China.⁴ The three governments appeared

³ Stern, Roger, "The Iranian Petroleum Crisis and United States National Security," *Proceedings of the National Academy of Sciences of the United States of America*. December 26, 2006.

⁴ The Indian companies reportedly include ONGC Corp.; GAIL Ltd.; Indian Oil Corp.; and Bharat Petroleum Corp. Some large European companies have also expressed interest. See Solomon, Jay and Neil King, "U.S. Tries to Balance Encouraging India-Pakistan Rapprochement (continued...)"

CRS-5

committed to the \$4 billion to \$7 billion project, which will take about three years to complete after work begins, but India did not sign a reported “finalization” of a deal on the project, signed by Iran and Pakistan on November 11, 2007. The two countries reportedly are requiring that India decide within a few months whether or not it will join the project; previously, the three countries had difficulty agreeing on such issues as a pricing formula, pipeline routing, transportation tariffs, pipeline security, and the Indian and Pakistani split of the gas supplies. U.S. officials, including Secretary of State Rice, have on several occasions “expressed U.S. concern” about the pipeline deal or have called it “unacceptable,” but no U.S. official has stated outright that it would be sanctioned.

ISA is one of many mechanisms the United States is using to try to squeeze Iran’s economy. U.S. officials are having some success persuading European governments to limit new export credits guarantees to Iran, and to persuade European banks not to provide letters of credit for exports to Iran or to process dollar transactions for Iranian banks. Forty banks worldwide have thus far agreed to end their business in Iran, according to the Administration, by many accounts making it more difficult to fund energy industry and other projects in Iran and causing potential investors in the energy sector to hesitate on finalizing pending projects. In addition, prior to the December 3, 2007 release of a U.S. intelligence estimate on Iran’s nuclear program that dampened the international threat perception of Iran, there were reports that a new U.N. Security Council Resolution might include a worldwide ban on financing of energy projects in Iran and a ban on all financial dealings with Iran’s banks. Some have speculated that the U.N. Security Council — or a coalition of countries acting outside the Council — might impose a worldwide ban on gasoline sales to Iran, although industry experts say that there are so many gasoline suppliers near Iran that any such embargo could be skirted. On October 25, 2007, several major Iranian banks (Saderat, Melli, Mellat, and related banks) were designated by the Bush Administration, along with Revolutionary Guard and Guard business entities, as ineligible to deal with U.S. persons (or banks) under Executive order 13224 (terrorism supporting entities) and Executive order 13382 (proliferation entities).

Proposed Further Amendments in the 110th Congress

In the 110th Congress, H.R. 1400 contains numerous provisions, some of which pertain to ISA, others of which do not. It passed the House on September 25, 2007 by a vote of 397-16. It would remove the Administration’s ability to waive application of sanctions under ISA under Section 9(c), national interest grounds, but it would not impose on the Administration a time limit to determine whether a project is sanctionable. Both it and its Senate counterpart S. 970, and another House bill, H.R. 957 (the latter passed the House on July 31, 2007) would expand the definitions of sanctionable entities to official credit guarantee agencies, such as France’s COFACE and Germany’s Hermes, and apply ISA sanctions to investment to develop a liquified natural gas (LNG) sector in Iran, which currently has no LNG export terminals. H.R. 1400 also would require the President to impose the ban on U.S. procurement from any entity sanctioned under ISA, and impose one other of the menu of sanctions. H.R. 2880 would apply ISA sanctions to sales to Iran of refined petroleum resources after December 31, 2007. Another bill, H.R. 2347, which passed the House on July 31, 2007, would protect from shareholder lawsuits

⁴ (...continued)

With Isolating Tehran.” *Wall Street Journal*, June 24, 2005, p. A4.

CRS-6

fund managers that divest from firms that have made ISA-sanctionable investments. (For all the major provisions of H.R. 1400, see CRS Report RL32048, referenced above.)

Post-1999 Major Investments in Iran's Energy Sector

(Oil and gas fields only; pure infrastructure projects such refineries, petrochemical plants, not included.)

Date	Field	Company/ies	Value	Output/Goal
Feb. 1999	Doroud (oil)	Totalfina Elf (France)/ENI (Italy)	\$1 billion	205,000 bpd
Apr. 1999	Batal (oil)	Totalfina Elf/ Bow Valley (Canada)/ENI	\$300 million	40,000 bpd
Nov. 1999	Seroush and Nowruz (oil)	Royal Dutch Shell	\$800 million	190,000 bpd
Apr. 2000	Anaran (oil)	Norsk Hydro (Norway)/Lukoil (Russia)	\$100 million	100,000 (by 2010)
July 2000	Phase 4 and 5, South Pars (gas)	ENI	\$1.9 billion	2 billion cu.ft./day (cfd)
Mar. 2001	Caspian Sea oil exploration	GVA Consultants (Sweden)	\$225 million	?
June 2001	Darkhovin (oil)	ENI	\$1 billion	160,000 bpd
May 2002	Masjid-e-Soleyman (oil)	Sheer Energy (Canada)	\$80 million	25,000 bpd
Sep. 2002	Phase 9 + 10, South Pars (gas)	LG (South Korea)	\$1.6 billion	2 billion cfd
Oct. 2002	Phase 6, 7, 8, South Pars (gas)	Statoil (Norway)	\$2.65 billion	3 billion cfd
Jan. 2004	Azadegan (oil)	Inpex (Japan) 10% stake	\$200 million (Inpex stake)	260,000 bpd
Oct. 2004	Yadavaran (oil). Finalized December 9, 2007	Sinopec (China)	\$2 billion	185,000 bpd (by 2011)
June 2006	Gamsar block (oil)	Sinopec (China)	\$20 million	?
Sept. 2006	Khorramabad block (oil)	Norsk Hydro (Norway)	\$49 million	?
Dec. 2007	Golshan and Ferdows onshore and offshore gas fields	SKS Ventures (Malaysia)	\$16 billion	3.4 billion cfd
Totals			\$27.9 billion	Oil: 1.085 million bpd Gas: 10.4 billion cfd
Pending Deals/Preliminary Agreements				
	Kharg and Bahregansar fields (gas)	IRASCO (Italy)	\$1.6 billion	?
	Salakh and Southern Gashku fields (gas). Includes LNG plant (Nov. 2006)	LNG Ltd. (Australia)	?	?
	North Pars Gas Field (offshore gas) (Dec. 2006)	China National Offshore Oil Co.	\$16 billion (includes gas purchases)	3.6 billion cu.ft./day
	Phase 13, 14 - South Pars (gas);(Feb. 2007). Deadline to finalize: June 2008.	Royal Dutch Shell. Repsol (Spain)	\$4.3 billion	?
	Phase 12 - South Pars (gas). Includes building LNG terminal (May 2007)	OMV (Austria)	?	?
	Phase 22, 23, 24 - South Pars (gas). plus agreement to transport Iranian gas to Europe (July 13, 2007)	Turkish Petroleum Company (TPAO)	\$3 - \$4 billion	2 billion cfd

Mr. SHERMAN. Now it appears that there is just one person in the economics bureau who is responsible for reviewing all the investments in the Iran oil sector. And this may be one person too many, because it seems as if the administration is well aware of investments and has taken the view that at least this particular act of Congress is not a statute, it is just advice.

I have heard many high officials of the State Department say that the Iran Sanctions Act is a wonderful act, but really you are not going to comply with the letter of the statute, just you like the kind of overall spirit. And I wonder if you could, and maybe you could, answer this here, commit to having the economics bureau review each of the transactions identified by the GAO report or the CRS report and determine whether or why they believe this triggers the next step in the Iran Sanctions Act process, which is for the administration to determine whether to waive sanctions or whether to go through the process of—whether to impose sanctions or whether to go through the process of waiving them.

Can you commit to at least reviewing what CRS and GAO have produced?

Secretary RICE. Well, thank you. I have not actually seen what CRS and GAO have produced, and I am just concerned, Congressman, to take on an obligation. I don't know what the numbers are. I don't know how many cases we would be committing to. I would assure you that we are very cognizant and very concerned about all investments in Iran, and I personally spend a lot of time trying to convince people not to do them.

I also think that we are in a complex situation here where we are trying to get voluntary compliance from a number of countries and a number of companies with financial sanctions that we think actually are having a real impact not just on the economy as a whole, but on the oil sector as well. So I beg your forbearance, but I certainly will take a look at the request and see if we can fulfill it.

Mr. SHERMAN. I think you are an eloquent advocate for the idea that the Iran Sanctions Act is a bad idea in that it involves imposing sanctions on basically companies in friendly countries. And it just chagrins me to think that you just—when you see a statute that requires one course of action, and you advocate a different course of action, voluntary negotiations as opposed to a “name and shame” and perhaps sanctions process, that the statute really is just advice—

Secretary RICE. I don't want to be misunderstood, Congressman. I believe we have—we should use the act. I have told you I think it is very useful. My only point we is we are in a complex set of arrangements here, because we are trying to get voluntary sanctions as well. That was the only point.

Mr. SHERMAN. I would hope that—I mean, you can't possibly apply the act if you don't review the individual transactions. We will provide a copy for the record. Thank you very much.

[The information referred to follows:]

Foreign Investment in the Iranian Energy Sector

Date	Field	Company(ies)	Value	Output Goal
Feb. 1999	Doroud (oil)	Totalfina Elf (France)/ENI (Italy)	\$1 billion	205,000 bpd
Apr-99	Balal (oil)	Totalfina Elf/ Bow Valley (Canada)/ENI	\$300 million	40,000 bpd
Nov. 1999	Sorush and Nowruz (oil)	Royal Dutch Shell	\$800 million	190,000 bpd
Apr-00	Anaran (oil)	Norsk Hydro (Norway)	?	?
Jul-00	Phase 4 and 5, South Pars (gas)	ENI	\$1.9 billion	2 billion cu.ft./day
Mar-01	Caspian Sea oil	GVA Consultants (Sweden)	\$225 million	?
Jun-01	Darkhovin (oil)	ENI	\$1 billion	160,000 bpd
May-02	Masjid-e-Soleyman (oil)	Sheer Energy (Canada)	\$80 million	25,000 bpd
Sept. 2002	Phase 9 and 10, South Pars (gas)	LG (South Korea)	\$1.6 billion	?
Oct. 2002	Phase 6, 7, 8, South Pars (gas)	Statoil (Norway)	\$2.65 billion	3 billion cu.ft./day
March. 2003	Kharg Island (ethylene cracker)	Technip-Coflexip (France)	\$232 million	?
May. 2003	Assaluyeh (Petrochemical: ethyl-benzene)	Daelim (South Korea)	\$600 million	645,000 ton/yr
Feb. 2004	Azadegan (oil)	Inpex (Japan) 10% stake	\$4.45 billion	260,000 bpd

Apr. 2004	Assaluyeh (Petrochemical: ammonia and urea)	Japanese consortium including Toyo Engineering Corp. and Chiyoda Corp.	\$220 million	670,000 tons/year
Aug-04	Tusan (oil)	Petrobras (Brazil)	\$34 million	?
Oct. 2004	Yadavaran (oil); deal includes gas purchases for 30 years	Sinopec (China) and ONGC (India)	\$70 billion (value of exploration not known)	300,000 bpd
March. 2005	Saveh (oil)	PTT Exploration and Production (Thailand)	\$5.4 million, but PTTEP may invest up to \$39 million for further	?
May. 2005	Khudasht (oil/gas)	China National Petroleum Corporation (China)	\$18 million	?
July 2005	Bid Blonad 2 gas processing plant (Gas)	Consortium: UK Constain Oil, UK Gas and Process, Spain Dragados.	\$1.42 billion	?
July. 2005	Ethylene plant (petrochemical)	Consortium: South Korea Hyundai Engineering and Construction Co.; Linde (Germany)	\$1.3 billion	1.2 million ton/year
May-06	Abadan (oil)	German ABB Lummus	\$478 million	?
Jun-06	Gamsar block (hydrocarbon exploration and development contract)	Sinopec (China)	\$19.6 million	?
Aug-06	Garmsar block (upgrading and adding gasoline refinery units)	Sinopec (China)	\$1.6 billion	?

Sept. 2006	Khorramabad (oil)	Norway, Norsk Hydro	\$49 million	?
Oct. 2006	Kharg and Bahregansar associated gas gathering & Natural Gas Liquids (NGL) recovery project. (Kharg NGL project) (Natural Gas)	Italy, IRASCO s.r.l, subsidiary of Iran International Engineering Company (IRITEC)	\$1.6 billion	?
Nov. 2006 (Pending)	Development of Salkh (Qeshm 4) and Southern Gashu gas fields and the construction of a 3.4 mtpa LNG plant (Qeshm LNG) on Qeshm Island. (Natural gas)	Australia, Liquefied Natural Gas Limited (LNG Ltd)	This is a preliminary agreement, no details available. **Nonbinding Memorandum of Understanding (MOU)	?
Nov. 2006	Bandar Abbas oil refinery. (Oil refining)	German ABB Lummus	\$442 million	?
Dec. 2006	Development of the North Pars gas field for LNG Exports. (Natural Gas)	China, China National Offshore Oil Corporation (CNOOC)	<u>\$16 billion</u> -- **Nonbinding Memorandum of Understanding (MOU) -- Under negotiations.	?
Dec. 2006	Gasoline production unit at Tabriz refinery. (Oil refining)	China, Sinopec	\$ 144.7 million	?

Feb. 2007	Development of Phases 13 and 14 (Persian LNG). Shell (25%), Repsol (25%). (Natural Gas)	Netherlands, Shell; Spain, Repsol	\$4.3 billion -- **Nonbinding Contract --Contract effectiveness is subject to Persian LNG final investment decision (FID).	?
Feb. 2007	Agreement on the construction of LNG and LPG storage tanks for the Iran LNG plant and the construction of port and dock facilities. (Natural Gas)	Korea, Daelim	\$500 million	?
Mar. 2007	Upgrading the Isfahan oil refinery. (Oil refining)	Consortium: South Korea, Daelim; German, Lurgi and UHDE	\$1.72 billion	?
Apr. 2007	Bandar Abbas condensate splitter. (Oil refining)	Indonesia, Star Petrogas	Approximate worth of contract at \$2 billion	?
Jul, 2007	Phase 22, 23, 24 - South Pars (gas), plus agreement to transport Iranian gas to Europe (closed)	Turkish Petroleum Company (TPAO)	\$3 - \$4 billion	2 billion cu. ft/day

Sept. 2007	Construction of a petrochemicals plant in Iran, near South Pars gas field. Might produce rubber, plastics, other petroleum-derived products. (Announced Sept. 2007)	GAIL-India, Jaipan Industries Ltd. (India)	\$2.3 billion	?
Jan 08	Golshan and Ferdows (offshore gas, includes downstream development)	SKS Ventures (Malaysia)	\$20 billion	100 million cu.ft/day

Secretary RICE. All right.

Chairman BERMAN. The time of the gentleman has expired. If you bear with us just a few minutes, I might gratuitously add the point of my colleague Mr. Sherman, the way the law is structured, there is waiver authority.

Secretary RICE. No, I understand that.

Chairman BERMAN. It is getting people to make the finding that we haven't been able to do, and I believe just the existence of that statute has deterred some investment. My guess is a couple of sanctions would have a ripple—I understand the complications that may cause you in promoting the multilateral sanctions agenda, but look at what some of the unilateral actions on banking have done.

Secretary RICE. I agree, Congressman. I don't think we are in disagreement here. I am not hesitant to do it. I just didn't want to take on I don't know how many cases and whether or not they would meet our test. But I am not hesitant to sanction and/or waive if it makes sense to waive, or to let a sanction stand if it doesn't make sense to waive.

Chairman BERMAN. Well, we will just be in recess here rather than us keep thinking of questions to ask you all evening.

The last vote is now.

Secretary RICE. Well, perhaps I could say a word about the Armenia question that the Congressman asked—

Chairman BERMAN. Oh, sure.

Secretary RICE [continuing]. Which I believe we think we have met the development needs as we see them, but I just would remind in terms of our support for Armenia, Armenia, of course, also is a recipient of the MCC, which is a very strong statement of our support for Armenia.

Mr. SHERMAN. Even with the chairman's indulgence, I will point out that is far below—even if you added \$10 million from that fund, you would be far below what we provided last year.

Chairman BERMAN. All right. We are just sort of talking.

Ms. ROS-LEHTINEN. Thank you, no problem. I am ready to talk. Thank you, Mr. Chairman.

Secretary Rice, a topic that had not been brought up, but that Congresswoman Tammy Baldwin and so many others have been involved with, and that is concerning the workplace, the inequities that are facing gays and lesbians in the U.S. Department of State. I am sure that you heard a lot about the former Ambassador to Romania, Michael Guest, who brought out a lot of the unfair treatment that are faced by gay and lesbian Foreign Service officers and their partners. And although it is true that some of those inequities could be dealt with by legislation, we believe that you do have a legal authority to address a range of basic concerns through internal regulatory changes, and that is access to training, including language and security classes for same-sex domestic partners, et cetera. And we will be sending you a letter soon detailing some of these changes that are within your purview to make without needing legislative authority, and we hope that you will consider the inequities that are facing many of these wonderful men and women who are sometimes in very tough assignments and do need that workplace protection.

Secretary RICE. Well, I appreciate that, and I look forward to receiving your letter. I think we have tried to be a Department that is sensitive to the need of domestic partners, and we have tried to do that overseas as well as in the Department. I pride myself on trying to run a Department where everybody is welcome and where we don't have any tests of—certainly of issues like sexual orientation.

This is something I consider very important. I have begun to look at some of these issues on my own, particularly the issue of security training, which—

Ms. ROS-LEHTINEN. Yes.

Secretary RICE [continuing]. That is something perhaps that we really ought to be looking at aggressively and urgently. So I look forward to getting your letter.

Ms. ROS-LEHTINEN. Thank you very much for your openness in that.

If I may ask an additional question, Mr. Chairman.

In my introductory statement I had alluded to a letter that I had sent to you last week regarding the partnerships that Iran and Venezuela have entered into, and, of course, being two sovereign nations, they can do as they wish.

My concern has been whether there are any subsidiaries, any United States business interests, related into some of these energy and petrochemical deals that are operating in order to do the end run around the Iran Sanctions Act or any other sanctions policy that we might have and that have become law. And it is noted with interest that for some of these deals, their bank accounts are actually housed in the British Virgin Islands, which makes one think that perhaps it is done in a way specifically to do an end run around our sanctions. And if you could comment about these energy deals and any subsidiaries that have U.S. involvement in them.

Secretary RICE. Well, we would be, of course, look very much with disfavor on anything that tried to get around the sanctions, particularly the 311 sanctions that have been imposed. We are aware that these governments are always trying to find other ways to—you know, if we go after the central funding, the more reputable international financial institutions—that they will look for other ways. It is a combination of intelligence and Treasury tracking to try to make sure that that is not happening. I am aware of your interest, I want to thank you for raising the question, and of course we are looking into it.

Ms. ROS-LEHTINEN. Thank you very much.

Thank you, Mr. Chairman.

Chairman BERMAN. The Secretary must leave in about 8 minutes, particularly—never mind.

Secretary RICE. Sorry.

Chairman BERMAN. People on our side of the aisle would be sensitive to it. I recognize—I would like for the people who haven't asked questions, I would like to get them a few questions in, but I ask the members who are going to ask those questions to try to be restrained in terms of comments and so we can get all—we have four people here, and we have 8 minutes.

Gentlelady from Texas, Sheila Jackson Lee.

Ms. JACKSON LEE. Thank you, Mr. Chairman.

Let me in this room offer my expressions of sympathy to the loss of our very outstanding international humanitarian, Tom Lantos. And I think we can clearly say, Madam Secretary, that his spirit will live on in American foreign policy.

Let me thank you as well for your service, and to our disappointment we may not see you in this capacity in discussing budgets, and we thank you for your presence and your service as well.

Very quickly, why don't I go to the budget and express my disappointment on several issues, and if you could comment on them, and then I will just yield.

The issues dealing with child survival and health programs, we notice that the budget going forward cuts those dollars, and I think we can clearly say that there is a continued need in terms of the work we do as relates to children internationally.

We know that the refugee problem continues. Those numbers are there. I won't recite the numbers; it will take up my time. The refugee problem continues, and particularly the refugees in Iraq. And I would like to know why we have a cut in refugee assistance since I think the numbers in Iraq are growing, and what are we doing with them?

Peacekeeping operations, particularly as relates to Africa and the Sudan and our work with the U.N., monies are being cut in peacekeeping operations, and I think that is something that it does a disservice to our foreign policy.

Lastly, as you know, I am looking to go to Pakistan, and I want to know what kind of cooperative efforts are we engaged in to ensure impartial, safe elections this coming Monday. Are we working with the U.N., are we are supporting monitors to help this? And thank you.

Secretary RICE. Thank you. And, first of all, thank you for going to Pakistan. I think it is very important. We think this election needs to be credible in the eyes of the Pakistani people. We have made that point.

The EU will have a huge monitoring operation there. We will obviously depend in part on them, and on NGOs. We have our own people in our consulates throughout the area and will have them fanned out, but I think the work that you will be doing will be important to the effort. So I look forward to talking with you before you go and after.

In terms of child survival and health, we have asked for what we—the President's request has actually not changed from the prior year's request. Yes, this is less than the enacted amount, but we think that this is important in conjunction with support for the President's malaria initiative, and support to HIV/AIDS and maternal health needs. These are things that we take very seriously.

And finally on refugees we—

Ms. JACKSON LEE. And peacekeeping.

Secretary RICE. I am sorry?

Ms. JACKSON LEE. And peacekeeping.

Secretary RICE. Oh, and peacekeeping. I was explaining earlier that there is a kind of a cash flow approach really to peacekeeping. We think we can meet our obligations if this is fully funded. Sometimes we have gone to supplementals for specific peacekeeping op-

erations like Darfur. If we just make sure that we are fully funded, we think we will be able to meet our obligations.

And finally as to refugees, we will be asking for more in the supplemental on refugees. We believe that the numbers we have given you will fund the operations as we know them.

And as to Iraq, there are quite a few people now returning, and one of the things that we are trying to do with the U.N. and with the Iraqi Government is to have a more systematic way to accommodate those people who are trying to return, including the rebuilding of housing in places like Ramadi.

Chairman BERMAN. Thank you very much.

Again, the Secretary has about 5 minutes, and the gentleman from Colorado, I think, is the next.

Mr. TANCREDO. Thank you, Mr. Chairman.

Madam Secretary, first of all, I am one who believes entirely in your integrity. I think you have done an enormously important job for this country and admire and respect your efforts. It is, therefore, with some degree of consternation that I have to bring up again an issue that puts in jeopardy not your integrity—or, I mean, not jeopardy, but it questions it—but certainly that of the Department when we have a situation where there is a law that has been passed by Congress. It is very specific. U.S.C. 1253 reads, upon being notified by the Attorney General that the government of a foreign country denies or unreasonably delays accepting as alien who is a citizen of that country after the Attorney General asks whether the government will accept the alien, the Secretary of the State shall—it doesn't say may, it doesn't say if there is any kind of decision-making process that goes on as to whether or not you want to do this—Secretary of State shall order consul and officers in that foreign country to discontinue granting immigrant visas or nonimmigrant visas or both to citizens of that country until the Attorney General notifies the Secretary that the country has accepted the alien.

Now, there is a long list of countries that are presently not accepting their aliens back, including, of course, China and Iraq. We are now starting to resettle Iraqi refugees in the United States. All of that seems to me to be—not the settlement, but certainly the fact that we have not fulfilled the responsibility, that the Department hasn't fulfilled the responsibility under the law. It begs the question, why not, and do you plan on doing—I know the President when—I think it was in the State of the Union message, if I am not mistaken, there was perhaps a sentence that—where he said something about the fact that we intend to work with Congress on this issue. And I don't know what that means and would really be interested to know until we get a change in the law, which is, I assume, what you are hoping for, will you obey the law that has been passed?

Secretary RICE. Well, Congressman, we are always obligated and seriously obey the law. We have tried to work with governments to get people returned when these issues come. I would just ask you to look at the efforts that we have made with China and with others on these issues. Sometimes there are questions about whether people can be returned on human rights grounds. There are questions.

Mr. TANCREDO. Yeah.

Secretary RICE. So I think it is not quite so cut and dried, but I want to assure you that we want to obey the laws. We will work with you, but these are cases that we take very seriously, and we work very hard to have the people returned.

Mr. TANCREDO. There are presently 40,000—

Chairman BERMAN. The time for the gentleman has expired.

Mr. TANCREDO. I am sorry, Chairman. I did not see that.

Chairman BERMAN. Do you have time for—

Secretary RICE. Perhaps I can take—I have about 2 minutes. Can we take one more question? And I apologize for having to leave.

Chairman BERMAN. Ms. Woolsey is next.

Secretary RICE. And I will take any questions that members have for the record, and I will respond.

Chairman BERMAN. You have been very generous with your time. It is not your fault. We had a 45-minute break.

Ms. WOOLSEY. This is a miracle. I am usually the one that it ends right with me, so I will be very quick.

Madam Secretary, one of the leading Republican candidates for President has been quoted over and over about saying that we will be in Iraq for 50 to 100 years. So my question to you is what is your response to that?

Second, what is the administration doing to bring the occupation in Iraq to an end.

And three, what does the declaration of principles that the administration is trying to reach with Iraq have to do with bringing our troops home?

Secretary RICE. Well, on the final point, Congresswoman, there was an op-ed that Secretary Gates and I did this morning about the agreement that we are seeking with the Iraqis. It is principally so that our forces have a legal basis to continue to operate. Whatever the next administration may choose to think that that operation needs to be, whether it is training or whatever, we need to have a legal basis for our forces. That legal basis will expire with the U.N. Security Council resolution at the end of the year. It is a SOFA Act agreement. That is the principle here.

I don't want to comment on anyone's specific comment about Iraq except to say that I think we all understand that America's role in the Middle East and America's role in Iraq are interlinked. We expect to continue to have a relationship with Iraq, political, economic, the training of their security forces and the like, and I don't know how long that relationship will go on, but if it is a democratic Iraq that is contributing to stability in the Middle East, I hope that it will be a relationship that lasts.

Ms. WOOLSEY. Do you think that you would bring that to the Congress?

Secretary RICE. We have done many, many SOFAs. They have never required congressional authorization. I think if you read what we are trying to do, it is simply to give our forces a legal basis to stay and do the things that our President and the next President may want.

If I could just close, Congresswoman, I really hope we will stop this language of occupation. I have been out there with our forces,

and, as I am sure you know—you support them, I know you do—they are men and women who are sacrificing every day, paying the ultimate measure. They are trying to help decent and innocent Iraqis build a decent society. They are fighting al-Qaeda. They are fighting Special Forces, special squads, death squads who go out there. They don't think of themselves as occupiers, the Iraqis don't think of them as occupiers, and so I sure don't. And so that is language I hope we will abandon. Thank you very much.

Chairman BERMAN. The gentlelady's time has expired.

Madam Secretary, thank you very much. To my colleagues that I didn't get to, I apologize.

Secretary RICE. I am very sorry, but I do want to be clear, I will take any questions for the record, gladly.

Chairman BERMAN. If we get some, we will send them along.

Secretary RICE. Thank you.

Chairman BERMAN. The committee is adjourned.

[Whereupon, at 5:09 p.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

WRITTEN RESPONSES FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ILEANA ROS-LEHTINEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

ANTI-TB ASSISTANCE

Question:

The Fiscal Year 2009 budget request appears to call for only \$84.5 million in anti-TB assistance through AID's Child Survival and Health program. There are, admittedly, additional anti-TB programs done under the President's Initiative against HIV/AIDS, but is this figure for AID's programs realistic, given that the Congress appropriated \$153 million for anti-TB efforts through AID alone in the current Fiscal Year 2008; given that the appropriation for such assistance through AID had previously hovered around \$91 million annually over Fiscal years 2005–2007; and given that the House has passed the "Stop-TB Act," which, if enacted, would authorize \$450 million for anti-TB efforts by AID alone in Fiscal Year 2009?

Response:

When the FY 2009 request of \$84.5 million from the Child Survival and Health (CSH) program account is combined with the FY 2009 request of \$13 million from other accounts, the overall FY 2009 total request for TB programs is \$97.5 million. This represents a slight increase over previous years' funding, and over the FY 2008 request.

The FY 2009 funding picture presented some very difficult choices and competing needs not only within the health sector but across all areas of development. With the FY 2008 increase for TB programs from Congress, we are working aggressively with country level and international partners to use the funding to build strong TB programs and help stem the spread of multi-drug resistant TB.

CIVILIAN STABILIZATION INITIATIVE

Question:

The FY 2009 budget proposal contains a \$248 million request for a new Civilian Stabilization Initiative, which would allow the Office of the Coordinator for Reconstruction to stand up a new Civilian Response Corps, which is described as "a civilian counterpart to the U.S. military that is ready and able to stabilize countries in . . . transition."

How is the \$248 million you are seeking different than and non-duplicative of other activities, such as the \$40 million request for Transition Initiatives, or the billions of dollars that USAID has been spending on Democracy, Conflict, and Humanitarian Assistance (which encompasses rule-of-law, conflict mitigation, and transition activities)?

Response:

The \$248 million requested for the Civilian Stabilization Initiative (CSI) is about building an interagency response capacity. It is to recruit, train, and perform all the preliminary activities needed to develop a three-tiered civilian response capability trained in reconstruction and stabilization activities ready to deploy when needed. The funding provides the skilled U.S. Government expertise to assist in coordinating reconstruction and stabilization activities, which extend beyond foreign assistance programming to include diplomatic efforts, military activities, strategic communications, and outreach to international and non-governmental partners. However, CSI

does not include program funding necessary to undertake a specific reconstruction or stabilization activity. For example, CSI could provide police trainers to assist a country in improving the police force, but it does not include funding to refurbish a training center or train and equip the country's internal police force. Funds to support these kinds of activities would flow from traditional funding sources, such as USAID's Transition Initiatives fund and Democracy, Conflict, and Humanitarian Assistance funding, or from other subject matter expertise agencies' regular program funding sources. In other words, the CSI provides our umbrella for stabilization crises under which USAID's Transition Initiatives fund would operate.

Question:

Would the Civilian Response Corps work something like the military reserves, such that non-Federal employees who had put themselves on volunteer rosters could later be required to deploy overseas by the Secretary? How would you ensure that deployment of the Corps would not impair the capacities of State and local governments from which those personnel might be drawn?

Response:

The Civilian Reserve Corps (CRC) will be drawn from experts in the private sector, in non-governmental organizations, and from state and local governments. Individuals would elect to apply for entry into the CRC on a voluntary basis. Reservists would serve for a four-year term and agree to deploy for up to one year during that time. Once they fulfill their deployment requirement, they can elect to leave the Reserve or rejoin for another four years. The CRC will recruit individuals possessing those skills that are critical to mounting an effective stabilization and reconstruction program including police trainers, rule of law experts, civil engineers, public administrators, municipal development experts, banking, fiscal and tax economists, agricultural experts, and election administrators.

Individuals who apply for the Civilian Reserve Corps will have to negotiate this service with their employers. Realizing, for example, the critical nature of the jobs held by police, judges, and city managers in state and local governments, however, we will also look to recent retirees with these critical skills. Moreover, the numbers that we are talking of recruiting for the Civilian Reserve Corps (2000) are a microscopic number compared to the population of the U.S. We will seek these people all over the country, not taking a large number from any one area.

Question:

By codifying and expanding the Office of the Coordinator for Reconstruction, an entity whose main purpose is to prepare to intervene in internal crises in foreign countries, are we creating incentives for a more interventionist U.S. foreign policy that would involve us with nation-building on a wider scale?

Response:

The purpose of the Office of the Coordinator for Reconstruction and Stabilization is to ensure that the United States can put the right people, with the right skills, training, and equipment, in the right place at the right time to protect America's security. It was not created as a means for a more interventionist foreign policy. Rather it was established in recognition of the fact that when our national security requires that we undertake reconstruction and stabilization missions, we must have the tools we need to do so with minimum risk and maximum effectiveness. This may involve bringing civilian expertise to bear in support of our armed forces, so that we can convert military victory against an enemy into long-term strategic success. More often it is likely to involve providing urgently needed assistance in a crisis in order to prevent a conflict from spiraling out of control in the first place, so that we do not have to put "boots on the ground" at all, or to prevent a hard earned peace from collapsing back into conflict. As an example, the Office of the Coordinator is currently contributing to broad-based U.S. efforts, closely coordinated with the host governments, to help bring long-term stability to countries like Liberia and Haiti.

As the case of Afghanistan demonstrates clearly, a weak or failed state can quickly become a breeding ground or safe haven for terrorists or other threats to the United States and its citizens. The United States should not be compelled to respond to such threats in an *ad hoc* manner because of a failure to adequately resource, develop, and utilize the non-military elements of our national power.

HOW WOULD THE CIVILIAN RESPONSE CORPS WORK?

Question:

With regard to the Fiscal Year 2009 budget request for \$248 million for logistics, training, equipment, deployment, personnel costs, office expense and assistance funds to support a "Civilian Response Corps" as part of an on-going stabilization and reconstruction assistance program for countries in crisis: can you tell us how such personnel might be deployed and how those personnel might provide assistance in a crisis such as the one that is now underway in Kenya, where there is tribal-based warfare and, apparently, the beginnings of ethnic cleansing?

Response:

With full funding from Congress for the Department's 2009 budget request, the civilian response capacity would include the Active Response Corps (ARC), the Stand-by Response Corps (SRC), and the Civilian Reserve Corps (CRC). The first responders would, for the most part, come from the active duty interagency ARC. If more specific skill sets—beyond general response, analysis, and assessment—are needed, S/CRS and the relevant agencies would identify any needed skill sets that would reside in the larger active duty SRC and alert selected SRC members of a possible deployment. The use of the CRC would also be reviewed for those critical civilian skills needed to support a sustained deployment request, but it is not expected that the CRC would be deployed except under situations involving significant threats to national security.

The initial response team (Advance Civilian Team, or ACT) could be at the site of an overseas crisis 48–72 hours after the decision to deploy it is made. The response team would bring a whole-of-government coordinated approach to the field by virtue of pre-crisis training and interagency-coordinated planning, as well as through its relationship to the Washington policy level (Country Reconstruction and Stabilization Group), and to the relevant Geographic Combatant Command (Integrated Planning Cell). The ACT would work closely with the existing Embassy (if there is one), with any other entity responding to a civilian crisis response in country (such as UN, NATO, and USAID's DART), and with U.S. military assets on the ground, if any, to meet emergency needs, to assess next steps, and to gather accurate and useful information for planners and policymakers. In short, ACT personnel would help ensure an integrated and synchronized approach to our response to a crisis. Synergies with local and international partners would be identified and utilized. The entire Interagency Management System would give the U.S. Government more tools with which to engage local parties, whether the mission is primarily conflict management, post-conflict stabilization, or reconstruction.

USE OF AID OR STATE DEPARTMENT POSITION FOR THE CIVILIAN RESPONSE CORPS

Question:

With regard to the request for funding for an active and reserve duty "civilian response corps"—composed of civilian employees at the State Department, AID and other Federal agencies—would you agree that any personnel hired to serve in the "active duty" portion of that corps should serve with AID rather than with the State Department?

It appears that the point of having such an active duty corps is to ensure that personnel are available for immediate deployment and deployment with the skills required to quickly bring practical and positive impact to countries in crisis situations or close to a crisis.

Retaining them at AID would seem to offer the benefit of keeping them directly involved in development and assistance work on a daily basis, so that their skills in those areas remain sharp.

Placing them with the State Department would not only appear to keep such personnel distant from active use of such skills, but would also lead to their being placed with State Department offices and with US Embassies around the world, where their ability to be quickly removed from their work without damage to our diplomatic efforts would be questionable.

Do you agree or disagree with the view?

Response:

For the Active Response Corps (ARC) to be truly effective it must be interagency in scope and the experts must come from agencies where that expertise resides. Although the entire Corps (Active, Standby, and Civilian) will be coordinated by State Department, each agency that has a particular subject matter expertise will house "their" ARC members. The Commerce Department has comparative advantages in

business development and emerging markets. USAID's comparative advantages include infrastructure, reconstruction, democracy, and governance. State possesses broad policy expertise, as well as program experts in refugees, migration and the area of police training. Each agency will be responsible for ensuring that their ARC members are deployable on 48-72 hours notice; that they have the needed skills; and that they are available for training, exercises, and other activities that build their readiness and interoperability. The day-to-day work they do should, as you point out, also contribute to that readiness and interoperability, as well as be consistent with the ability to deploy on short notice. The decision as to what that work should be, however, is the responsibility of the employing agency.

Also, recognizing the unique and substantive skills USAID has to offer, a plurality of positions on the ARC and SRC will be located there. USAID will have 37% of these slots. State will have the second largest number at 29%. The remaining slots will be split between the Departments of Justice, Treasury, Commerce, Agriculture, HHS and Homeland Security.

ASSISTANCE TO THE FORMER SOVIET STATES

Question:

Madam Secretary, budget requests for appropriations to the FREEDOM Support Act assistance program have been consistently reduced over the past seven years, going from \$808 million in Fiscal Year 2001 to \$397 million in Fiscal Year 2008. The President's budget request for Fiscal Year 2009 would reduce the program's funding further—to \$346 million. Although there have been welcome changes in countries like Ukraine and Georgia, such states continue to face tremendous challenges in the areas of democratic and economic reform at a time when corruption continues to rise. Countries such as Belarus, Moldova, Turkmenistan and Kyrgyzstan face even more difficult challenges. The Russian government has access to considerable revenues from its energy exports, but outside assistance seems to be required to support NGOs and democratic groups facing repression as well as to support efforts to fight the corruption that has spread to the highest levels of the government there.

Why do you believe that this assistance program can be reduced in this significant manner?

Response:

Reflecting the important work still needed to promote reform in the countries of Eurasia, the FY 2009 FREEDOM Support Act (FSA) request is essentially a straightline of last year's request (\$352 million). This year's request shifts responsibility for HIV/AIDS programs in Eurasia from the FSA account to the Child Survival and Health (CSH) account. When the requested funding for HIV/AIDS programs is taken into consideration, the funding level increases slightly from last year's request.

Compared to last year's request, the Administration has shifted funding to increase assistance for democracy programs in Russia as well as assistance for Georgia, Ukraine, and Moldova intended to promote economic and energy independence, help diversify export markets, and improve democratic governance. Funding is also prioritized to take advantage of opportunities to promote reform in Turkmenistan and economic integration in Central Asia.

We believe that the Administration's request for FSA funding is appropriate and reflects the needs of the region given critical needs in other parts of the world, progress made by some of the Eurasian countries in promoting reform, the energy wealth a number of nations in the region can bring to bear to address their development, and increased reliance on self-sustaining NGOs and legacy grant-making institutions to support democratic and economic reform.

Increasingly, other resources are flowing into the region to support the transition of the countries of Eurasia. Enterprise funds set up under FSA to promote private sector development and increase investment have become profitable and are currently liquidating assets. With guidance from the Administration and Congress, these funds are establishing legacy foundations that will continue putting resources into support for democracy and free markets for years to come. U.S. resources have also been used to leverage other donor funding and to establish several other legacy institutions that are supporting civil society and the transfer of knowledge about democracy and market economies throughout the region (e.g., the New Eurasia Foundation in Russia and the Black Sea Trust for Regional Cooperation). Millennium Challenge Corporation (MCC) resources are also becoming a major factor in this region, with two countries currently having Compacts in operation (Armenia and Georgia); two others with Threshold Programs and now Compact eligible (Ukraine and Moldova); and one other soon to sign a Threshold Program (Kyrgyz Republic).

Compared to the FY 2008 enacted level for the region, this year's request represents a 13 percent, \$50 million decrease. Taking into account the shift of HIV/AIDS programming to the CSH account, the decrease is about \$37 million. This decrease is composed mainly of reductions to the Armenia and Russia budgets relative to enacted levels.

The Administration's FSA request for Armenia represents a 31 percent decrease between the FY 2008 request and the FY 2009 request, and a 59 percent decrease between FY 2008 enacted and FY 2009 request levels. Armenia has made real progress on reversing rural poverty, but struggles with rampant corruption and with weak democratic institutions, as illustrated by recent events there. As the FSA account has declined over the last several fiscal years, reductions to the Armenia budget have not kept pace. We believe that the FY 2009 FSA budget request for Armenia meets the country's development needs and is appropriate in the context of assistance priorities within the region. While the FY 2009 request reflects what the Administration thinks will be needed that fiscal year, we remain concerned about aspects of the February 2008 Presidential election in Armenia and the subsequent state of emergency imposed by the Kocharian Administration following the March 1 violence. These developments underscore the importance of our diplomatic and assistance efforts to promote democracy in Armenia. We are urging that the state of emergency be lifted and that all sides return to political dialogue. In order not to violate the terms of the state of emergency, many U.S. assistance programs have suspended their activities. We will continue to follow the situation closely. If the situation continues, we will be forced to review the feasibility of maintaining some of our current assistance programs.

For Russia, this year's FSA request represents a 34 percent decrease between the FY 2008 enacted and the FY 2009 request levels. However, the FY 2009 FSA request is only \$3 million lower than last year's request. Considering that the FY 2008 request included \$8 million in FSA funding for HIV/AIDS, while all HIV/AIDS funding in the FY 2009 request is in the CSH account, the FY 2009 request is in effect \$5 million greater than the FY 2008 request. The one significant shift between the FY 2008 request and FY 2009 request is an increase of nearly \$4 million for programs to promote democracy, the top U.S. assistance priority. These programs total \$30.3 million in FY 2009 and will support Russian civil society, NGO watchdogs, including human rights groups, and independent media as they face increasing pressure. Programs will also strengthen political, civil and justice sector institutions that reinforce democratic principles and the rule of law. The FY 2009 request also takes into account the resources of the U.S.-Russia Investment Fund (TUSRIF) legacy foundation, which will have over \$180 million at its disposal to support entrepreneurship, the rule of law, and the free flow of information in Russia through grant-making and other activities.

LAW ENFORCEMENT ASSISTANCE IN THE FORMER SOVIET REGION

Question:

Madam Secretary, assistance under the State Department's International Narcotics and Law Enforcement (INCLE) program has not been provided in the former Soviet states, with the understanding that the FREEDOM Support Act program would allocate funds to INCLE for its efforts in that region. However, the consistent reductions in the FREEDOM Support Act's funding levels has led to a situation in which there is little funding to engage in this important area even at a time when drug trafficking originating in Afghanistan is spreading through the region, corruption among law enforcement agencies is growing, and cyber-crime originating in Russia, Ukraine and other states of the region is directly impacting American citizens' welfare.

Madam Secretary, isn't it time to provide significant funding to the INCLE program for work in the former Soviet region or to increase the FREEDOM Support Act specifically for such purposes?

Response:

The mission of the Bureau for International Narcotics and Law Enforcement Affairs (INL) is to minimize the impact of international crime and illegal drugs on the United States and its citizens through providing effective foreign assistance and through fostering global cooperation. Currently, all funding for INL programs in the former Soviet states is provided by Freedom Support Act (FSA) and International Narcotics Control and Law Enforcement (INCLE) appropriations. The Department is pleased to report that sufficient funding has been allocated for FY 2007 and FY 2008 to maintain most of our current programs. Fully funding our FSA and INCLE FY 2009 requests will help to further progress in attaining our goals. We recognize,

however, that the FSA account is a transitional one, and that INCLE and other funding mechanisms will eventually be substituted in outyears.

The Department of State supports dynamic, high-impact law enforcement training and legal development projects throughout the region. Through these projects, we seek to:

- encourage and support host nation efforts to combat terrorism;
- address terrorist financing and international money laundering;
- fight forced labor and trafficking in persons;
- investigate and prosecute war crimes;
- combat narcotics trafficking and develop comprehensive antinarcotics intelligence and enforcement capabilities;
- promote and create drug demand reduction centers and treatment programs;
- develop and implement legal reforms and further the rule of law;
- ensure adequate border controls;
- combat organized crime and expand and develop mutual legal assistance and operation cooperation in the investigation and prosecution of transnational crime;
- investigate and enforce protection of intellectual property rights (IPR) and fight child pornography.

We appreciate Congress' ongoing support and interest in the Department of State's law enforcement and anticrime programs, and thank you for your personal interest in promoting a productive relationship between the United States and the countries of the former Soviet Union.

FOREIGN SERVICE PAY RAISE

Question:

The FY 2009 Budget In Brief requests over \$35 million next year—and more than \$150 million during the next 3 years—for a substantial pay raise to the non-senior ranks of the Foreign Service, which would set the global pay rate at Washington, DC levels. However, it costs substantially less to live in most other places around the world than in DC, and large expenses—such as housing and education for dependents—are paid for by the U.S. Government during overseas assignments.

- *How large a percentage raise over the current base pay would this represent?*
- *Why should Foreign Service Officers be paid at the DC rate while serving overseas, particularly when there are language, hardship, and danger pay incentives already in place?*

Response:

The overseas allowance system designed and mandated by Congress compensates for and provides incentives to take on the unique challenges and hardships of overseas service, as well as establishes living-cost neutrality between employees serving overseas and those serving in the U.S. Created *prior to the establishment of locality pay*, these allowances were not intended as an offset or substitute for the loss of locality pay. Overseas comparability pay would uphold the principle of cost neutrality by eliminating the existing overseas pay gap, whereby State Department personnel transferring out of the Washington area take a base pay cut of more than 20 percent.

Allowances to cover housing, applicable to all U.S. Government employees overseas—Civil Service and Foreign Service, Defense Department, Justice Department, and State Department, etc.—were specifically established as incentives to recruit personnel to relocate temporarily from the United States to foreign areas. Hardship differentials and danger pay provide some compensation for service in posts where the quality of life is significantly different from that in the United States and/or where there is significant threat of violence. To provide economic parity with the U.S., the cost of living allowance covers the increased cost of a Bureau of Labor Statistics market basket of goods when it exceeds the equivalent cost of that market basket in the United States. Last, the primary and secondary education allowance is offered as a replacement for the public school system benefit available to U.S. residents, since employees overseas cannot avail of that resource.

The Foreign Service Compensation Reform provisions in the Department's FY08–09 Authorization package, if passed and enacted, would eliminate the nearly 21% overseas pay gap in base salary and introduce a pay-for-performance system for all Foreign Service members. Foreign Service members at the FS–01 level and below

serving abroad lose locality pay when they move overseas. That means that these officers take a pay cut to serve in posts such as Beijing, Belgrade, or Damascus, where differentials of 10, 15, and 20 percent respectively are intended to compensate for the hardship of disease, surveillance and harassment, and pollution and its long term health consequences, among other factors. This anomalous situation is the result of a steady increase in rates of locality pay since 1990, which has had the unintended consequence of eroding the value of hardship differentials and, more seriously in an increasingly dangerous world, of creating a large and growing financial disincentive to serve abroad in our most challenging posts.

A worldwide rate of pay based on the Washington, DC rate is appropriate for several reasons. First, the Department of State competes with other Washington-based USG agencies, as well as the private and non-profit sectors, to recruit employees. At least one U.S. agency, with different authorities, pays the equivalent of Washington locality rates to their employees working overseas. This disparity negatively impacts on the Department of State's ability to attract and retain personnel.

Second, the overwhelming majority of Foreign Service employees are assigned to Washington at the Department's headquarters for some significant portion of time. They are acutely aware that when they leave Washington, the reduction in their base salary due to the loss of locality pay essentially nullifies the hardship or danger differential at the 175 or so posts which receive less than 20.89 percent. Despite the considerable public service motivation that inspires service in some extremely challenging places, taking on a greater challenge with a pay cut or, at best, no additional compensation is a very tough sell.

To return to cost-neutrality between Washington and overseas assignments, consistent with the neutrality and incentive intent of overseas allowances, we should reestablish salary parity by implementing a worldwide rate of pay for Foreign Service members based on the Washington, DC locality rate.

DEBT RELIEF AND FUNDING FOR ANTI-POVERTY DEVELOPMENT PROGRAMS

Question:

Madam Secretary, the US and other leading creditors have supported debt relief for highly-indebted, poor countries, calling on the World Bank to forgive large loans for such states. At the same time, however, such loan forgiveness works to reduce the World Bank's revenues, which are used to support its anti-poverty and development programs through its International Development Association (IDA). There are many of us who are concerned to see the World Bank increase its anti-poverty funding for micro-credit programs and other worthwhile efforts, but recognize that calls for debt forgiveness can work to decrease the funds available for such purposes.

How does the President's Fiscal Year 2009 budget request reflect this problem? I note that the request includes \$1.277 billion for US commitments to the World Bank's IDA—an increase from the \$942 million appropriated for Fiscal Year 2008. How far will that increase go to make up for revenues lost to the World Bank through debt relief programs?

Response:

As part of the Multilateral Debt Relief Initiative (MDRI) donors agreed to compensate IDA "dollar-for-dollar" for reflows lost to MDRI. For our part, the United States provided to IDA an instrument of commitment covering the entire length of the MDRI (40 years), explicitly subject to obtaining the necessary IDA authorizations and appropriations. We have agreed to provide our contributions to MDRI in conjunction with each 3-year IDA replenishment period. Treasury's FY09 request fully covers the U.S. portion of the MDRI costs associated with the IDA15 replenishment period (FY09–FY11).

For our IDA14 and IDA15 contributions (FY06–FY11) our MDRI costs are met through an accelerated disbursement of our regular IDA contributions—in essence, the net present value gains from early encashment allow us to meet our MDRI commitment as part of our previously pledged (and legislatively authorized) annual IDA payments over three years. Therefore, the amounts necessary to meet our MDRI commitments will be included in each IDA replenishment commitment (whether or not through accelerated encashment in whole or in part).

However, arrears to IDA14 and IDA15 will prevent us from generating the sufficient net present value gains from early encashment which are required to meet our MDRI commitments. It is therefore critical that the FY2009 request of \$1.277 billion for IDA, which includes \$42 million for arrears to IDA14, be fully funded by Congress.

More broadly, donor pledges to the IDA15 replenishment represent record increases to IDA above and beyond the amounts already provided for debt relief. As

a result of the financing that underpins IDA15, IDA will be able to commit over 30 percent more funding to countries in the three-year period covered by IDA15 (FY09–FY11) than they were able to under IDA14. Last year, the largest share of commitments went to sectors related to public governance, infrastructure, social services, and private and financial sector development. We fully expect that these trends will continue in the IDA15 period.

PUBLIC DIPLOMACY

Question:

The Chairman of the Joint Chiefs of Staff testified last week in support of the Department of State's budget request, noting that under-funding State's core functions "undermines our national security." He also called, however, for the "reconstitution of the U.S. Information Agency or an equivalent entity" to more effectively advance American public diplomacy. Would you care to comment on his recommendation?

Response:

We are grateful for support we have received for the President's FY 2009 budget request and we hope that the Congress will approve it.

We do not think that advancing our public diplomacy goals would be served by the establishment of a new, separate agency for public diplomacy. As I noted in my testimony, we believe that Under Secretary Karen Hughes made great strides in rebuilding our public diplomacy capacity, and we expect that under the leadership of Under Secretary designate James Glassman, public diplomacy will be further strengthened within the Department of State.

PASSPORT SECURITY

Question:

This year's request includes nearly \$76 million to implement the State Department's Visa and Passport Security Strategic Plan. Last year's budget request did not include a request for this plan, which was submitted to Congress in December 2006. As you know, Special Agents of the Bureau of Diplomatic Security are on the frontlines of combating terrorist travel—working abroad with partner nations to target document fraud rings and working at home to prosecute document fraud violators. A fraudulent passport or visa in the wrong hands could support acts of devastating destruction. Can you expand on this proposal and its importance to your Department?

Response:

The Department is extremely pleased that the first year of implementation for the Visa and Passport Security Strategic Plan was included in the President's FY–09 budget submission to Congress. The plan remains one of the highest priorities for the Bureau of Diplomatic Security (DS) and is a key element of the Department's efforts to combat terrorist travel, disrupt document fraud vendors, and identify and dismantle human smuggling and trafficking rings.

The Year 1 implementation plan focuses on developing the DS overseas criminal investigations program, expanding its criminal analysis capability, and addressing DS's bureau-wide infrastructure needs, such as training and management staffing, to adequately support the overall plan's implementation and sustainment.

The results of DS's visa and passport security programs clearly illustrate their global impact and the broad potential for further successes. Since 2004, DS Special Agents working overseas with their consular colleagues and host government law enforcement partners have facilitated the arrest of 1,983 individuals who had attempted to fraudulently obtain U.S. visas or passports. Moreover, investigations conducted by these Assistant Regional Security Officer—Investigators (ARSO-Is) have played a role in the refusal or revocation of over 6,400 visas and the denial of over 1,000 passports and Consular Reports of Birth Abroad (CRBA). During this same period, ARSO-Is have also played a critical role in the plan's capacity building goals by conducting training for over 10,500 local law enforcement officials, airline employees, and U.S. mission personnel.

The Year 1 budget submission request includes overseas and domestic components. Overseas, the Department plans to establish 50 ARSO-Is and 69 Foreign Service National Investigators (FSN-Is, which are non-FTE). The 50 posts to be designated for ARSO-I positions in FY 2009 will include those high fraud posts that require a second ARSO-I and/or a Deputy Regional Security Officer-Investigator (DRSO-I). DRSO-I positions will be placed at posts that have regional responsibilities, such as Bogotá, to provide additional supervision and oversight for our overseas investigative activities

The selection of posts for deployment of ARSO-I positions will be based on both qualitative and quantitative criteria. For example, DS evaluated the Department's Security Environment Threat List and the Department's Office of the Coordinator for Counterterrorism Tier List to form a list of countries considered to have a nexus to terrorism. Similarly, DS' analysts located at the Human Smuggling and Trafficking Center provided input regarding known human smuggling and trafficking routes. DS correlated these results against more quantitative data, such as the volume of visa adjudications and refusal rates from individual posts, to establish a list of posts that conform to the strategic plan's goals and objectives. Final post selection will be coordinated with the Bureau of Consular Affairs, prior to the initiation of the NSDD-38 process to establish the new positions overseas.

Domestically, the Department will establish 80 Special Agent and Investigative Support staff positions as follows:

- 15 Investigative Research Specialist and Intelligence Analyst positions, to include positions at the National Passport Center and National Visa Center.
- 3 positions at the interagency Human Smuggling and Trafficking Center to focus on countering terrorist mobility by linking terrorist networks and analyzing their ability to enter, live in, or move within the U.S. and other countries.
- 21 in the Criminal Investigations Division to detect patterns of criminal activity and access a network of legal and regulatory sources of information.
- 15 for counterintelligence, counterterrorism, and source vetting operations.
- 4 in support of the joint DS and Bureau of Consular Affairs' (CA) Vulnerability Assessment Unit and Consular Management Assistance Team program to review visa and passport operations to identify security-related vulnerabilities and conduct follow-up investigations into criminal violations.
- 22 to support infrastructure upgrades in hardware, software, telecommunications, investigative staff equipment, facilities requirements and training.

In view of the priority placed on this strategic plan, the Department has incorporated other funding sources, such as anti-fraud fees from applications in the H and L (H&L) visa categories (temporary work visas) and Machine Readable Visa and Passport fees and surcharges, to address facets of the overall strategy. For example, the Department has established 24 ARSO-I positions using H&L anti-fraud fees, bringing our overall total number of these positions, from all funding sources, to 50 by the end of this fiscal year. Similarly, the Department is using revenues generated from the Border Security Program to increase DS' capacity to investigate passport fraud domestically.

As noted when the strategic plan was published, the Visa and Passport Security Program will position the Department of State as the most capable, best prepared, and most flexible organization to anticipate and respond to the challenges of combating terrorist travel and ensuring the integrity of U.S. travel documents.

WEAPONS DESTRUCTION

Question:

For FY09, the three prior sub-accounts for de-mining, weapons destruction, and the International Trust Fund were replaced with one sub-account: Conventional Weapons Destruction. The request for this new account is \$128.8 million—\$5.7 million above last year's level for the three separate accounts. Why are these three accounts combined into one this year, and what is the resource level for shoulder-fired missile destruction?

Response:

The consolidated Conventional Weapons Destruction account more accurately reflects the programs that are being executed and allows for more flexibility in program execution. The new (and expanded) mandate that Congress has given the Department to address "all conventional munitions" requires a comprehensive and integrated approach to the threats posed by all conventional weapons.

In the field, to increase efficiencies, weapons destruction activities are fully integrated and in the same country can involve demining, small arms, and MANPADS destruction, and stockpile security. The new account structure reflects this integration.

In FY 2009, we intend to use \$45 million for shoulder-fired missile destruction.

WMD NONPROLIFERATION

Question:

This year, there is a new sub-account within the Nonproliferation, Anti-terrorism, and Related Programs account—a \$5 million request for “Weapons of Mass Destruction Terrorism.” What is the purpose of this new item?

Response:

In 2006, I directed a reorganization of the Department to reflect today’s international security challenges, including developing an office that specifically addresses the threat of Weapons of Mass Destruction (WMD) Terrorism (i.e., terrorism involving chemical, biological, radiological, or nuclear weapons).

This limited new assistance line item is necessary to ensure the Department’s ability to fully implement this policy focus. The funds will focus on advancing implementation of the Global Initiative to Combat Nuclear Terrorism, an initiative launched by the United States and Russia in 2006 that now includes participation by more than 65 countries and is designed to strengthen political and operational capabilities to prevent, deter, and respond to terrorist acquisition and use of WMD. In fiscal year 2009, we will use these funds to concentrate on building international capacity in three key areas:

- Crisis and risk mitigation measures
- Support for the Global Initiative exercise program
- Efforts to defeat WMD terrorism networks

A comprehensive effort to reduce the WMD terrorism risk abroad is critical to protecting our homeland and our international partners from a very real and dangerous threat. No other State Department security assistance program has addressed the nexus of WMD and terrorism as a comprehensive and inclusive issue.

REGIONAL ISSUES
EAST ASIA—CHINA

Question:

The August 8th opening date of the Beijing Olympics is also the anniversary of the 1988 student uprising in Burma. Many U.S. citizens, including our First Lady, feel very strongly not only about the Chinese-supported crackdown in Burma but also about China’s suppression of underground churches and Falun Gong at home and its support for repression and murder in Darfur, Tibet, the Uighur (WE-GRRR) region of China and North Korea. Given the past track record of Chinese police brutality against dissenters and given the likelihood that young American citizens may choose to make political statements at the Olympic Games, does the State Department plan to issue any travel advisory so that our citizens know what may be in store for them in Beijing?

Response:

The eyes of the world will be on China as it hosts the Olympic Games. President Bush has announced his intention to attend the opening ceremonies in Beijing to join the Chinese people for this important occasion. The President has noted that the Games provide China with an opportunity not only to showcase to the world the enormous economic progress the country has made in recent decades, but also to demonstrate its commitment to greater openness and tolerance. We consistently urge China to seize the opportunity to put its best face forward and fulfill its Olympics bid commitments to increase access to information and expand freedom of the press, as well as take positive steps to address international and domestic concerns about its record on human rights and religious freedom.

We take every opportunity to raise our human rights concerns with Chinese government officials, including those at the highest levels, and describe our concerns in detail in our annual reports on human rights and religious freedom. We have also designated China a “country of particular concern” seven consecutive times for its violations of religious freedom.

The Department remains deeply concerned about the rights and freedoms not only of Chinese citizens, but also those of American citizens and other nationalities residing in or paying a visit to China.

Protecting and providing services to Americans are our most important responsibilities. As such, the Department has been actively engaged in reaching out to American citizens to ensure their safety around the world, and more specifically while attending the Games in Beijing. We maintain and regularly update our Country Specific Information (previously known as Consular Information Sheets), includ-

ing on China, which provides detailed safety and security information. We also urge all Americans to register with the Department during their time in China—links to which can be found on the Department's website (www.state.gov). Additionally, the U.S. Embassy in Beijing provides information about the Olympics to American travelers on its website (<http://beijing.usembassy-china.org.cn/2008olympics.html>). In the coming months, the Department will continue to update and publish additional information on its www.travel.state.gov website to advise travelers about issues that might arise in the future and affect Americans attending the Olympic Games, including specific threats to their safety and security. In addition to providing consular support, the U.S. government's law enforcement entities will continue to work to ensure the safety of Americans at the Games.

NORTH KOREA

Question:

According to the October 3, 2007 agreement reached in the Six-Party talks, December 31st was designated as the deadline for North Korea "to provide a complete and correct declaration of all its nuclear programs." Pyongyang, as we know, ignored that deadline. Yet on that very same date, December 31st, your Department notified the Congress that you intended to spend an additional \$53 million in tax-payer dollars to provide heavy fuel oil to North Korea as part of that same deal. We all understand carrots-and-sticks diplomacy, but in this case aren't you giving additional carrots to a donkey which is just sitting down and stubbornly refusing to move?

Response:

In the October 3, 2007 agreement on "Second-Phase Actions for the Implementation of the Joint Statement," the DPRK committed to disable the Yongbyon nuclear facility and to provide a complete and correct declaration of its nuclear programs by December 31, 2007. Disablement of the core facilities at Yongbyon—the 5-MW(e) nuclear reactor, reprocessing plant, and fuel rod fabrication facility—is proceeding well. To date, North Korea has completed 8 of 11 agreed disablement steps, with the discharge of the spent fuel now well underway and associated steps to follow. In line with the principle of "commitment for commitment, action for action" and in the context of the continuing implementation the DPRK's commitment to disable these facilities, China, the Republic of Korea, Russia, and the United States have been providing energy assistance. Those parties have provided 250,000 metric tons of heavy fuel oil (HFO) and less than 50,000 tons of HFO-equivalent equipment and materials out of the total 1,000,000 metric tons of HFO and HFO-equivalent committed under the February 13, 2007 and October 3, 2007 agreements. The \$53 million is intended to meet U.S. commitments in this regard.

As we move toward the completion of disablement actions, we are working with the Chinese and all Six-Party partners to press North Korea to provide as soon as possible a complete and correct declaration of all its nuclear programs, materials, and facilities. The United States has reaffirmed that as the DPRK fulfills its commitments, we will fulfill our commitment with respect to the DPRK's designation as a state sponsor of terrorism and application of the Trading with the Enemy Act (TWEA).

Question:

Earlier this week, in his annual threat assessment to Congress, Director of National Intelligence Michael McConnell told the Senate Intelligence Committee that "while Pyongyang denies a program for uranium enrichment, and they deny their proliferation activities, we believe North Korea continues to engage in both." His assessment further noted that "We remain concerned North Korea could proliferate nuclear weapons abroad." Mr. McConnell then expressed uncertainty with regard to Kim Jong Il's commitment to full denuclearization. Do you take issue with the DNI's threat assessment with regard to North Korea? If not, then how does our current diplomatic approach toward North Korea lessen the very real threats articulated by Mr. McConnell?

Response:

Uranium enrichment and proliferation activities remain key concerns that the United States has sought to address as part of the Six-Party process. After the achievement of the shutdown and sealing of the DPRK's core nuclear facilities at Yongbyon in the Initial Phase (per the Initial Actions for the Implementation of the Joint Statement issued February 13, 2007 by the Six Parties), substantial progress is being made toward the completion of disablement actions at these facilities as part of the Second Phase (per the Second Phase Actions for the Implementation of the Joint Statement issued October 3, 2007). Meanwhile, we continue to press the

DPRK to fulfill all its “Second-Phase” commitments by providing a complete and correct declaration that accounts for all its nuclear programs, weapons, materials, and facilities, as well as proliferation activities. As a part of its declaration, the DPRK must address concerns related to any uranium enrichment programs and activities. We continue to engage the North Koreans on this issue and continue to work closely with the other members of the Six-Party Talks toward completing this phase. Upon completion of the “Second-Phase” actions, we intend to move on to the next phase toward full implementation of the September 19, 2005 Joint Statement, under which North Korea committed to abandon all its nuclear weapons and existing nuclear programs in a verifiable manner. If successful, the Six-Party approach would remove the nuclear threats currently posed by the DPRK.

Question:

In the three years after the strongly bipartisan passage of the North Korean Human Rights Act, the United States resettled only 36 North Korean refugees, although the problem remains acute. What diplomatic efforts do you plan to make this year to increase the number of foreign countries that will allow the United States to process North Korean refugees for resettlement? How much funding does the Department plan to make available for assistance to North Korean refugees during 2009?

Response:

Since passage of the 2004 North Korea Human Rights Act, the USG has expanded efforts to protect and assist North Korean refugees. Consistent with the intent of the North Korean Human Rights Act, we have resettled 37 North Korean refugees in the U.S. to date. The Republic of Korea also continues to resettle an increasing number of North Koreans each year.

This year we will continue to work with international organizations and countries in the region to help North Korean asylum seekers obtain protection, including by resettling some in the U.S.

The United States will also continue to urge China to adhere to its obligations as a party to the 1951 Refugee Convention and its 1967 Protocol, including by: 1) not expelling or *refouling* North Koreans protected under those treaties and 2) undertaking to cooperate with UNHCR in the exercise of its functions. We also urge China to cease the deportation of North Korean asylum seekers and to allow UNHCR access to them.

The President requested \$24.4 million for East Asian refugees and conflict victims, which includes programming to support North Korean refugees, in the FY 2009 Migration and Refugee Assistance (MRA) account. Because of the sensitivity of our activities related to North Korean refugees, the Department stands ready to provide a detailed, classified briefing to interested Members and staffers on our efforts to implement the refugee-related aspects of the North Korean Human Rights Act.

Question:

The Nonproliferation Disarmament Fund (NDF) was designed to respond quickly to unanticipated opportunities to dismantle weapons of mass destruction, their delivery systems and related material. According to budget documents, the FY09 request includes “an increase for NDF to support dismantlement activities in North Korea.” [\$40 million for FY09, versus the \$33.725 million FY08 estimate]. Yet, Assistant Secretary Hill testified last week before the Senate Foreign Relations Committee that most of the tasks associated with disabling the Yongbyon reactor are completed. What are these additional funds aimed at?

Response:

As Assistant Secretary Hill told the Senate Foreign Relations Committee on February 7, 2008, disablement activities at the three facilities at North Korea’s nuclear complex at Yongbyon—the 5 MW(e) reactor, the reprocessing plant, and the fuel fabrication plant—are proceeding in a cooperative manner. The agreed-upon disablement actions at the reprocessing plant are essentially complete. Major pieces of equipment have been removed from the fuel fabrication plant. Disablement activities at the reactor remain underway, and while the removal of fuel rods is proceeding at a slowed rate, the process is continuing—and once the rods have been removed, they cannot be re-inserted into the reactor.

The Department of State’s Nonproliferation and Disarmament Fund (NDF), which has “notwithstanding” authority, is currently funding these activities and does have sufficient funds available to complete the disablement process outlined in the “Second-Phase Actions” agreement of October 3, 2007.

However, NDF funds are limited and are not expected to be sufficient to cover Phase III activities, which would build on the disablement steps taken thus far and

progress into dismantlement. The Administration is currently developing estimates of the cost of additional U.S. activities in support of North Korea's denuclearization, including further disablement and dismantlement steps at all the DPRK's existing nuclear facilities, as well as the disposition of such items as North Korea's fissile material and spent fuel pursuant to North Korea's commitments in the September 2005 Joint Statement. We will continue to consult closely with the Committee and with Congress as we refine these estimates to ensure sufficient funds for the Third Phase of implementation of the Joint Statement.

In order to expend DOE funds for Phase III, however, we urgently require a legislative provision authorizing the President to waive the Glenn Amendment sanctions on assistance to North Korea (imposed as a result of North Korea's 2006 nuclear test). A waiver of these sanctions is necessary to permit the Department of Energy to utilize its funds to provide assistance to North Korea for such denuclearization activities. NDF funds are likely to be insufficient to cover all but a very small portion of upcoming disabling and dismantling costs.

NDF Funding Requirements

In FY 2009, the Nonproliferation and Disarmament Fund is likely to be called upon to provide additional funding for some DPRK disablement and dismantlement activities in the next phase. In order to be prepared to act quickly upon reaching an agreement on next-phase actions, it is important that the NDF receive adequate funding to carry out these actions at a moment's notice. In addition to the DPRK project, we hope to be able to commence a project to eliminate Ukraine's remaining arsenal of SCUD missiles in FY 2009. We estimate those costs to be between \$12 and \$15M. Once the primary DPRK work is complete, we also expect to receive many new proposals for the use of NDF funding. Fully funding the NDF's FY 2009 budget request of \$40 million will ensure that adequate resources are available to undertake follow-on DPRK threat-reduction actions, the Ukrainian SCUD elimination project, and address other nonproliferation opportunities that may arise elsewhere in the world.

SOUTH KOREA

Question:

South Korea continues to allow branches of the sanctioned Iranian banks to operate. Have we raised this issue with them? The administration has asked the Senate to approve the U.S.-South Korean free trade agreement. Do you believe that South Korea's failure to address Iranian bank issues will complicate consideration of the FTA with South Korea?

Response:

Iran's Bank Mellat has a branch in Seoul, which was named by the United States on October 25, 2007 in our designation of Bank Mellat under Executive Order 13382.

We have discussed this issue several times with the government of the Republic of Korea (ROK) government. In December, the ROK government initiated an investigation into Bank Mellat's transactions and has pledged to share the results of the investigation with us.

In addition, the Korea Export-Import Bank (KEXIM) and Korea Export Guarantee Insurance Corporation (KEGIC) have severely curtailed their transactions with Mellat. KEXIM currently conducts only short-term financial transactions with the Iranian bank, while KEGIC has stopped doing business with Mellat. These two actions have underscored the risks of doing business with Iran to the Korean business community. This issue, while important from a U.S. policy perspective, is unrelated to the U.S.-Korea FTA.

TAIWAN

Question:

The United States delegation to an Executive Board meeting of the World Health Organization, held in Geneva on January 21, voted with Beijing to block a draft resolution favorable to Taiwan's health needs. The defeated resolution would have allowed direct communication between Taiwan health officials and the international community regarding implementation of International Health Regulations. We all know from the sad experience of delayed communications during the SARS outbreak a few years ago that Beijing gives mere lip service to the claim that it will look after the health needs of the people of Taiwan. The United Kingdom, of course, abstained on this vote. Why did the United States vote with Beijing? Doesn't this vote undermine our official position, as stated by President Bush on June 14, 2004, when he

signed legislation supporting Taiwan's participation in the WHO, that "the United States fully supports the participation of Taiwan in the work of the World Health Organization, including observer status?"

Response:

The United States did not vote with Beijing to block a draft resolution favorable to Taiwan at the WHO Executive Board meeting, January 21–26, 2008. The Executive Board's membership did not act on the draft resolution introduced by Taiwan's allies concerning Taiwan's participation in the International Health Regulations (IHRs), because the Chair of the Board ruled that it was out of order.

The WHO Secretariat presented a separate resolution on the need to implement IHRs, on which the Chinese delegation proposed an amendment. That amendment restated consensus text of a 2005 World Health Assembly Resolution adopting the IHRs, and referred to the Article in the IHRs that addresses the universal application of the Regulations. The U.S. supported the Secretariat's resolution, with the PRC amendment, because it provided a reference to the universal application of the IHRs—a major objective of Taiwan as well as the United States—in a form acceptable to the PRC. Japan, New Zealand and other Executive Board members supported the resolution, with the PRC amendment.

The U.S. delegation to the Executive Board spoke strongly in favor of the need for universal application of IHRs. The U.S. delegation also made clear that the United States fully supports the participation of Taiwan in the work of the WHO, including observer status at the World Health Assembly. To that end, the United States has pushed for universal application of the IHRs, to include Taiwan, through the establishment of a direct point of contact between the WHO Secretariat and Taiwan in the event of public health emergencies that may be of international concern. The United States has emphasized to the Secretariat, and to the PRC, that international public health interests are not well served, especially in the event of a public health emergency, by requiring all IHR-related communications between the WHO Secretariat and Taiwan to go through the PRC. The U.S. has also made clear that such an arrangement is not consistent with our longstanding one China policy.

SOUTH ASIA—PAKISTAN

Question:

According to press reports, Pakistan has refused a U.S. request to conduct joint military operations in its lawless northern tribal regions where al-Qaeda and Taliban militants have become increasingly active. Does Pakistan have a credible, operational plan to tackle these militants? Does Islamabad understand the pressures Washington would be under to take unilateral action in the tribal regions if new terrorist attacks in the United States or on Americans can be linked back to training and operational guidance from extremists operating in Pakistan?

Response:

Since 2001 and despite challenges on several fronts, Pakistan has engaged in numerous operations against militants. Pakistani operations throughout 2007 against both Al Qaeda and Taliban command and control capabilities helped disrupt the anti-Coalition insurgency in Afghanistan as well as disrupting militant activity in Pakistan. This has resulted in a substantial reduction of cross-border movement by militants from Pakistan to Afghanistan.

Pakistan has conducted 91 major combat operations and countless numbers of small unit operations against extremist groups in the Federally Administered Tribal Areas since 2001 and has helped kill or capture hundreds of suspected al Qaeda operatives, including major Taliban leaders. Pakistan's assistance in investigating planned or completed terrorist operations abroad has also been of considerable assistance to the overall War on Terror. The best example is the role that Pakistan played investigating terrorists plotting to use liquid explosives on aircraft in 2006.

In cooperation with the United States, Pakistan has launched a program to increase the size and enhance the skills of its Frontier Corps, a locally raised paramilitary force in the Pashtun border region, so it can better secure the border and provide security to the indigenous population of the region. Members of the Frontier Corps have unique advantages operating in the tribal areas due to their linguistic and ethnic ties, which can be utilized by Pakistani special operations units and regular Army forces in the effort to rid the border region of Taliban and al Qaeda forces. The U.S. military will send 22 trainers later this year to help "train the trainers" for counter-insurgency skills.

Pakistan is also cooperating with the United States to establish Border Coordination Centers where representatives of Pakistan, Afghanistan, and the International Security Assistance Force can synchronize their efforts at the local level and coordi-

nate their respective forces. The objective of these Centers is to interdict extremists, smugglers, and narco-traffickers along the border with Afghanistan.

Undoubtedly, Pakistan understands the pressures the United States and Pakistan would face if a terrorist attack was linked to violent extremists operating in Pakistan. There is a growing realization amongst Pakistani leaders and the Pakistani people that terrorism emanating from the Tribal Areas is a direct threat both to the stability and prosperity of the Pakistani state and to global security.

Question:

The Foreign Operations portion of the Omnibus Appropriations Act for Fiscal Year 2008 contains a provision requiring that none of the \$300 million provided in Economic Support Funds for Pakistan may be used to provide budget support to the Government of Pakistan. How does the Administration propose to implement this restriction? How will ESF funding for Pakistan be used in the future?

Do you assess that Pakistan will have parliamentary elections on February 18 that will be judged credibly free and fair by most Pakistanis, as well as the international community? If that election is not judged free and fair, what should be the response of the United States?

Response:

After conducting a thorough review of U.S. assistance to Pakistan in fall 2007, it was decided that the United States would discontinue annual budget support payments to the Government of Pakistan. Therefore beginning in FY 2008, and continuing in FY 2009, Economic Support Funds (ESF) previously planned for budget support to the Pakistani government will be instead used for health, education, and economic opportunity programs directly administered by the United States Agency for International Development. No FY 2008 ESF will be used to provide budget support to the Government of Pakistan and no FY 2009 ESF was requested for this purpose.

Pakistan took another big step toward civilian democracy on February 18, holding successful parliamentary elections under challenging circumstances. The Pakistani people refused to be intimidated by a wave of fatal terrorist attacks prior to election day. They voted in higher percentages on February 18 than during the last general elections in 2002, when conditions were undeniably safer. The United States must now support the political process in Pakistan and uphold the choices of the Pakistani people.

Pakistan's elections, while not perfect, reflected the will of the voters, who have embraced the results. Over 70 Pakistanis lost their lives on election day, and we regret the violence that led to those deaths. I think it is fair to say, however, that the violence could have been worse. On election day, the media had wide access to report the returns. The election outcome proves that moderate, pro-democracy parties are the heart of the Pakistani politics.

The Pakistani people's passion for their democratic process is apparent. At the same time, I believe U.S. assistance and engagement improved the elections' freeness, fairness, and transparency. We helped get observers the accreditation they needed to do their jobs. We asked the Election Commission to let observers visit polling stations, and it did so. We helped the Election Commission post voter information online, including a list of polling station locations, the voter rolls, and a roster and running tally of election complaints. In the most literal support of the elections' transparency, we also supplied 215,000 translucent ballot boxes for election day. These are just a few examples of our specific assistance to help Pakistan prepare for the elections.

Our private and public engagement with senior Pakistani leaders helped end the state of emergency, which we believed was a setback to Pakistan's democratic progress. We repeatedly encouraged the government to release thousands of political detainees, lift restrictions on the media, and restore Constitutional rule. The government eventually took most of those steps. We communicated our respect and support for an independent judiciary as a basic component of a healthy democracy, and we believe the issue of the judiciary will be solved by the Pakistani political process. We continue to ask the Pakistani government to release the remaining judges and lawyers from house arrest. The United States continues to believe that only democracy can build a long-term consensus on a moderate, prosperous future for Pakistan. Our engagement with Pakistani leaders reflects our beliefs, and the principles for which this country stands.

We supported the international observer effort as well, deploying some 40 American monitors, and an additional 38 independent observers. We and six other countries also financed and helped train over 19,000 domestic observers. In general, the

observer groups' reports judged the elections successful, even while pointing out serious flaws in the process.

AFRICA—CHINA'S ROLE

Question:

There has been much discussion of China's growing role in Africa, where it is increasing its diplomatic and economic presence. What are your thoughts? What challenges does this pose? More specifically, what do you think of China's role in Sudan, where it is seen as bolstering a government that's backing genocide in the Darfur region?

Response:

China's interest in Africa is not new, but its engagement during the past several years has become more complex and robust, covering a wide range of political, economic, commercial, and security cooperation activities. We recognize that Chinese trade and investment in Africa is increasingly important although still relatively modest in comparison to U.S. and European activity in the region. The United States seeks cooperation with China where possible and encourages it to act as a responsible international stakeholder by increasing African peacekeeping and security sector capacity-building and adopting international financial and commercial best practices. We also recognize that China can make important contributions to develop and alleviate poverty in Africa, particularly through investments in infrastructure, and the agricultural and health sectors. We have also engaged China on areas where they can play a more constructive role, such as in Zimbabwe and Sudan.

On Sudan, China's recent participation in multilateral efforts to address the humanitarian crisis in Darfur is a positive development, and we continue to urge Beijing to do more. China voted for UN Security Council Resolution 1769 authorizing the deployment of UNAMID, the 26,000-person, hybrid UN-African Union peacekeeping force in Darfur. China also committed 300 engineers to UNAMID, close to half have deployed. Moreover, the Chinese appointed a Special Envoy for Africa, who is focused primarily on Darfur and who has criticized publicly the ongoing violence in Darfur. We credit China's actions on Darfur in part to patient, persistent U.S. government consultations with China's leaders, and ongoing efforts by U.S. lawmakers and non-governmental organizations to highlight the need for China to use its influence to bring about positive change in Sudan. We continue to urge Beijing to press Khartoum to accept and facilitate the full UNAMID deployment.

SUDAN

Question:

Some believe that the President's budget requests for funding for Sudan over the past couple of years have not been sufficient, leading the Congress to provide additional funding through supplemental appropriations. Please outline this year's request for assistance in Sudan, including all accounts, and indicate where waivers will be necessary to support projects which will contribute to the successful reconstruction of Southern Sudan and Darfur. Are you confident that this request for assistance in Sudan in Fiscal Year 2009 is sufficient, or will Congress be asked again to provide supplemental funding?

Response:

The President has requested \$332.63 million in FY 2009 for Foreign Operations for Sudan to continue support to Darfur peacekeeping, provide life-saving humanitarian assistance for conflict-affected populations throughout Sudan, including Darfur and Southern Sudan, and facilitate the successful implementation of the Comprehensive Peace Agreement ahead of the 2009 elections. In addition to the Foreign Operations request referenced above, the President has requested \$414 million in CIPA for payment of assessed contributions for the recently established UN-AU hybrid peacekeeping operation in Darfur (UNAMID) in FY 2009. The President's FY 2009 budget also includes \$208.9 million for payment of assessed contributions for existing UN Mission in Sudan, UNMIS, which focuses on peacekeeping in southern Sudan and CPA implementation. These requests assume full funding of the President's request for \$723.6 million in FY 2008 Supplemental funding for UNAMID, for which \$390 million was included as bridge funding in the FY 2008 Omnibus Appropriations Act. The Administration continues to seek the balance of this supplemental funding, \$333.6 million, in FY 2008.

Sudan is subject to numerous assistance restrictions, so the United States generally relies on legislated notwithstanding authorities to conduct foreign assistance

programs in Sudan, including ongoing reconstruction efforts in Southern Sudan. The President's request sought notwithstanding authority for assistance for Sudan in section 621 of the proposed FY 2009 appropriations act. While we have worked with Congress to obtain the more limited notwithstanding authorities that are currently sufficient for our programs in Sudan, this patchwork of authority can leave gaps when we are faced with changing circumstances on the ground, which can create opportunities for programs that are not anticipated at this time.

We are hopeful that the deployment of UNAMID will improve the situation and allow the political process to create an environment conducive to early recovery and reconstruction efforts. The Administration has projected its needs as best it can given the ever-changing circumstances in Sudan. If an unanticipated emergent situation arises, an assessment of emergency assistance accounts and/or supplemental funding will need to be made and acted upon accordingly.

Please see attached chart from the Department's FY 2009 CBJ request for Sudan.

SUDAN: FY 2009 CONGRESSIONAL BUDGET JUSTIFICATION

Account (\$ in thousands)	FY 2007 Actual	FY 2007 Supp	FY 2008 Estimate	FY20 08 Supp	FY 2009 Request
Peacekeeping Operations (PKO)	84,000	150,000	70,822	—	30,000
Economic Support Fund (ESF)	45,000	—	100,876	70,000	254,100
International Narcotics Control and Law Enforcement (INCLE)	9,800	—	13,578	—	24,000
Nonproliferation, Antiterrorism & Demining (NADAR)	3,725	—	4,000	—	4,000
International Military Education & Training (IMET)	96	—	287	—	300
Public Law 480 (Food Aid)	255,334	100,000	—	—	—
International Disaster and Famine Assistance (IDFA)	—	—	—	—	—
Development Assistance (DA)	70,000	—	127,721	—	—
Child Survival and Health (CSH)	23,791	—	17,488	—	20,230
Global HIV/AIDS Initiative	3,000	—	—	—	—
Total	494,746	250,000	334,772	70,000	332,630

AFRICA PEACEKEEPING

Question:

Over the past several years, peacekeeping needs in Africa have outpaced funding support. This has been attributed to “unforeseen” circumstances—such as the need for new, unanticipated missions in Africa—and the inability to drawdown or close existing missions on the predetermined timetable. Will this continue to be the case in Fiscal Year 2009, in your view?

Response:

Yes, peacekeeping requirements in Africa and elsewhere can be unpredictable, and force generation for African peacekeepers will continue to present challenges throughout FY09. In some cases the international community has ample warning of conflict and is actively engaged in trying to stop it or respond to its aftermath. In other cases, however, conflict surges unpredictably and requires a quick, and often substantial, U.S. financial commitment.

There are two categories of peacekeeping operations: UN assessed peacekeeping operations, and non-UN missions that the U.S. voluntarily contributes (e.g. African Union led peacekeeping operations). With regard to UN assessed peacekeeping operations, we are hopeful that some drawdown of peacekeeping forces may be possible in FY 2009 in such countries as Liberia, Cote d'Ivoire, and the Democratic Republic

of the Congo. On the other hand, we cannot rule out a new UN peacekeeping operation in Somalia.

The only current non-UN African peacekeeping that the U.S. voluntarily contributes is the AU Mission in Somalia (AMISOM). AMISOM will, at best, only reach full strength in late FY 2008 or early FY 2009 and will require additional U.S. support.

Unforeseen crises could create the need non-UN peacekeeping missions in Africa beyond AMISOM, just as changed circumstances could reduce the demand for peacekeepers in ongoing peacekeeping missions. Force generation for African peacekeeping missions (UN and non-UN) will continue to present challenges throughout FY 2009.

U.S. AFRICA COMMAND (AFRICOM)

Question:

In February 2007, the President announced his decision to create a unified U.S. Command for Africa, or "AFRICOM", to provide a more holistic approach toward United States military programs and other activities on the continent under a single headquarters staff. Given AFRICOM's plan to establish its headquarters presence on the continent by October 2008, please describe, in detail, what types of funding will be necessary to ensure that the State Department can effectively work with the Defense Department to promote security and stability in Africa. Do you feel confident that the FY '09 request is sufficient to address the myriad of issues that might arise with this type of inter-agency collaboration and vision?

Response:

There is no decision yet on when an AFRICOM headquarters presence will be established on the African continent, how large that presence will be, or where it will be located. There are no funds in the State Department's FY2009 budget request to support such a presence. As AFRICOM will operate within existing statutes and authorities, we anticipate no change in the types of funding necessary to work effectively with the Defense Department to promote security and stability in Africa.

Currently, the Department is engaged in a range of activities to promote security and stability in Africa, including counter-terrorism activities, stabilization operations and security sector reform, and conflict mitigation and reconciliation. We regularly coordinate with DoD on these activities as well as with respect to humanitarian efforts. We expect this coordination to strengthen, within existing statutes and authorities, as AFRICOM develops.

Peace and security programming in Africa will need to increase approximately 23% in FY2009, in order for our missions to respond to emerging crises and long-term aims in the region. We recognize that, with the establishment of AFRICOM, the increased tempo in DoD activities in and regarding Africa will result in substantial pressures on an already stretched level of State budgetary and personnel resources. Absent a commensurate increase in such State resources, some activities traditionally carried out by the Department will necessarily be affected.

A State Department officer is on detail to AFRICOM as the Foreign Policy Advisor to the Commander. Another State Department officer is detailed to the Command as Deputy to the Commander for Civil-Military Activities. The State Department anticipates offering to the command candidates for two additional senior positions (Chief of Outreach and Director of Programs) on the same basis. We have not received any additional requests from the Defense Department to fill positions at the Command, but are prepared to consider any such requests in the future, taking into account our own staffing requirements and available funding.

MIDDLE EAST—IRAQ

Question:

Based on your trip to Iraq earlier this month, how would you assess the political situation there at the executive, legislative, and grassroots levels?

- *At the grassroots level, how would you assess efforts at local reconciliation and the empowerment of local institutions?*
- *What is the status of efforts by the federal government to effectively deliver reconstruction and security resources to all provinces, regardless of sectarian make-up?*
- *Do you see progress at the federal level in the passage of essential legislation, such as the annual budget and laws regarding the structure of the Iraqi government, sectarian reconciliation, and other reforms?*

Response:

There has been recent political progress in Iraq at both the national and provincial levels. On February 13, Iraq's Council of Representatives passed three key pieces of legislation: the 2008 budget; the Provincial Powers Law; and an Amnesty Law. The Presidency Council signed into law the Budget and General Amnesty Law on February 26. However, one of the members of the Presidency Council vetoed the Provincial Powers law, citing concern over the constitutionality of a provision that would give the national government the authority to remove a governor with an absolute majority vote in the legislature at the recommendation of the Prime Minister. The Provincial Powers Law will be returned to the Council of Representatives, which can either seek to overturn the veto through a vote on the existing law or amend the law.

Iraq's 2008 national budget projects expenditures of \$49.9 billion, up from \$41.0 billion in 2007. The Amnesty Law sets conditions under which Iraqis held in Government of Iraq detention facilities—the majority of whom are Sunni—can be released. The Provincial Powers Law defines the authorities of Iraq's provincial governments and their relationship to the national government.

By choosing not to exercise its veto power, the Presidency Council also ratified the Law of Accountability and Justice (also known as the de-Ba'athification Reform Law) on February 3. The law permits an estimated 36,000 former Ba'ath Party members (largely Sunni) to seek re-instatement as government employees.

At the grassroots level, Provincial Reconstruction Teams (PRTs) have played an instrumental role in facilitating reconciliation and building governance capacity. For example, PRTs helped negotiate a power-sharing arrangement by Sunni Arabs and Kurds in Kirkuk's provincial council and have helped sustain power sharing arrangements between the Iraqi Islamic Party and Sahawa al-Iraq (Iraq 'Awakening') in Anbar province.

The PRTs have focused their governance capacity-building efforts on improving budget planning and execution. USAID has also assisted provincial governments in developing Provincial Development Strategies (PDS), which provide provincial governments a framework for budget planning over the coming two to five years. Each PDS acts as a key tool to link the central and provincial governments because they are submitted to the Ministry of Planning and serve as a foundation for the national and provincial governments to coordinate joint projects, de-conflict existing activities, and align future priorities.

In addition to better budget planning, the provincial governments are also significantly improving their budget execution. Reflecting the success that provincial governments had at spending their 2007 capital budgets, the central government allocated \$3.3 billion in capital funds to provincial governments for 2008, a 38 percent increase from 2007.

Question:

Can you comment on the components and issues being negotiated regarding the Declaration of Principles for a Long-Term Relationship of Cooperation and Friendship Between the Republic of Iraq and the United States of America? Can you elaborate, in particular, on the security component of these negotiations?

Response:

The Declaration of Principles signed on November 26, 2007, provided a framework for negotiations between the U.S. government and the Government of Iraq which will result in a Strategic Framework Agreement (SFA). These negotiations began in mid-March in Baghdad. The SFA will elaborate on how our government and the Government of Iraq act on the principles contained in the November 26 declaration signed by the President and Prime Minister Maliki, providing a roadmap to build a bilateral relationship between the United States and Iraq.

One component of these bilateral discussions will be a status of forces agreement (SOFA), which will provide a new framework for our security relationship with Iraq. The SOFA will provide critical protections and authorities for U.S. forces in Iraq after the anticipated expiration in December 2008 of the UNSCR mandate currently authorizing our troops' presence as part of the Multinational Force—Iraq (MNF-I). Neither the SFA nor the SOFA will contain a security commitment; there will be no legally binding U.S. obligations to act in the common defense in the event of an armed attack on Iraq. In addition, the SOFA will not mandate continued combat missions, set troop levels, or establish permanent bases in Iraq (which neither we nor the Iraqis desire). We will continue to work closely with the appropriate committees of Congress to keep lawmakers informed and ensure complete transparency.

Question:

Can you comment on the stated U.S. and Iraqi commitment to moving beyond an international presence based on a UN Security Council Chapter 7 mandate? What legal requirements would be necessary for other Coalition partners to retain their missions in Iraq? Would a Chapter 6 resolution be required to provide the legal basis for the -Coalition and support from the NATO Training Mission-Iraq to conduct training and equipping operations in Iraq?

Response:

The United States is currently working with the Government of Iraq to negotiate an agreement to provide the necessary consent from Iraq and protection for our forces in Iraq after 2008. We understand that each of our coalition and NATO partners will have legal requirements to continue their partnership with us in Iraq. We are in discussions with our coalition partners to identify what specific legal authorities their respective governments will need. We have informed our coalition and NATO partners that we will continue to keep them apprised of the progress of our negotiations with the Government of Iraq.

Question:

Can you comment on the indictment of former high-level Sadrist officials in the Ministry of Health on charges of diverting government funds to the Mahdi Army and allowing the use of Iraqi hospitals and ambulances in sectarian killings during 2006 by the Iraqi government? Would you agree that Prime Minister Maliki has shown an increasing willingness to prosecute rogue elements (Shia as well as Sunni) both inside and outside of government?

Response:

The prosecution of two ex-government officials in the Iraqi Health Ministry who are suspected of funneling government funds to the Mahdi Army highlights GOI leaders' dedication to rooting out rogue and criminal elements within its ministries. Prime Minister Maliki had publicly stated that he will not tolerate any entity that encourages or participates in violence, including Sadr's militia.

Prime Minister Maliki supports a strong judicial process that will weigh the evidence against the former civil servants and determine a just verdict, despite potential threats against those who are participating in the prosecution.

AFGHANISTAN

Question:

Can you comment on the upcoming NATO Summit in Bucharest and a force-generation strategy for ISAF in Afghanistan?

Response:

At the Bucharest Summit, April 2-4, we, as a part of the Alliance, are working to recommit ourselves, in word and in action, to accomplish the International Security Assistance Force's mission of ensuring security and stability throughout Afghanistan. To make this real we are looking for three elements: a public vision statement that explains to our publics why the Alliance is committed to the Afghanistan mission and details our long-term strategy; to introduce the new United Nations Special Representative for Afghanistan, Kai Eide; and additional security commitments (troops, enablers, or support to Afghan National Security Forces—Army and Police).

Bucharest will include not only a formal NATO Alliance meeting, but also a session with non-NATO partners in Afghanistan, as well as key donors, international organizations such as the UN, EU, and World Bank. This demonstrates the strong and broad international consensus that getting Afghanistan right is not just a NATO issue, but is a vital security and humanitarian concern for the world community.

We are asking Allies to bring more resources to the table at the Bucharest Summit. Some are likely to add combat maneuver forces, while others will add trainers or specialized capabilities. This will get us closer to filling the requirements.

Political will and military capacity are hurdles. A few Allies (e.g. Lithuania, Canada) are at or near their capacity to do more in Afghanistan. Others have the capacity to do more, but their missions are subject to parliamentary ceilings or restrictions. Still others have weak coalition governments, where some members oppose further deployments. Based on these conditions, we tailor our requests for more forces. In many cases, this requires building public support—no small task.

It's not only the number of forces that matter, it is also *how* each Ally and partner employs those forces. Flexibility is critical. Some Allies have caveats on their Inter-

national Security Assistance Force contributions; some of these are technical restrictions with limited impact, but others limit commanders' flexibility in the field, potentially increasing the risk to troops and the time it takes to accomplish the mission. We continue to work to improve flexibility, and the trend is away from caveats.

Question:

Please elaborate on US efforts to train the Afghan National Police (ANP). Can you comment on the possibility of assisting the Afghans in implementing an assessment of pre-training procedures for vetting ANP candidates, their integrity and other qualifications that are essential to law enforcement work?

Response:

The State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) first became involved with development of the Afghan National Police (ANP) in 2002, when an assessment team to Kabul devised a course of action to train 20,000 ANP in advance of the October 2004 Presidential election. This resulted in the establishment of the Central Training Center (CTC) in Kabul and seven Regional Training Centers (RTC) based around the country. In 2005, the Department of Defense assumed oversight for the development of the Afghan National Security Forces, including the ANP. The Departments of Defense (through the Combined Security Transition Command—Afghanistan, CSTC-A) and State have combined their efforts to train the ANP to a level of 82,000 and with a standard baseline of competence. Since 2003, more than 87,000 ANP have completed basic, advanced, and/or specialized training at one of the RTCs or the CTC, and approximately 530 civilian police mentors and trainers are working with the ANP and the Ministry of Interior (MOI) at locations throughout Afghanistan. The majority of the curriculum taught at the training centers is focused on a basic eight week program for entry-level Afghan Uniform Police and Afghan Border Police, with advanced and leadership training also being provided as appropriate. Afghan National Auxiliary Police (ANAP) also receive two weeks of basic training, followed by three weeks of sustainment training. Specialized courses in firearms, criminal investigation, and medical and other skills are also provided at select RTCs. Curriculum for the courses offered has been established with the intent of developing Afghan police leadership and strengthening their ability to assume a lead role in the training program. For example, civilian police mentors build train-the-trainer capacity for Afghan instructors, who in turn provide instruction to Afghan trainees.

In November 2007, under the guidance of CSTC-A and with the concurrence of the MOI, the Focused District Development (FDD) plan was launched. FDD is designed to be a holistic MOI-led, cross-sectoral approach to training, equipping, mentoring, and developing the district-level Afghan Uniform Police (AUP). The strategy entails four main elements: assessment of the AUP in a district; collective training and equipping of the district AUP; intensive mentoring of the AUP following post-training reinsertion into their home district; and concurrent development of the judicial, prosecutorial, and development sectors of the district. One full cycle of FDD (per district) spans six-to-eight months with continued mentoring as necessary. The first complete cycle of FDD—being implemented in seven districts—began in November 2007 and is expected to be complete in April 2008. Concurrently, the MOI is working with the active support of CSTC-A, U.S. Embassy Kabul, and the international community to implement and plan successive iterations of FDD. At present, the second iteration of FDD is being implemented, and four additional iterations are scheduled to begin during the next year.

To address your question on implementing an assessment of pre-training vetting, new police recruits are generally vetted in groups (vice individually) by local elders, local government representatives, and the police chief in each district. Basic level police recruits in the Afghan Uniformed Police and the Afghan Border Police are largely nominated for training in groups by local and provincial level government authorities and tribal elders. Recruiting for the Afghan National Civil Order Police (ANCOP), however, is done through institutional-level recruiting by the MOI. In the context of initial MOI reform, senior level MOI officials undergoing rank reform have been vetted by UNAMA and the State Department.

The MOI's recent success in recruiting and vetting well-qualified candidates for ANCOP presents a sound model and template for the recruitment and vetting of all ANP individuals, however, vetting for basic recruits is still done an ad hoc and group basis. In the case of ANCOP, recruits are solicited through self-initiative rather than local nomination en masse. As such, the individuals applying for ANCOP training classes are those with the personal drive and initiative to qualify for entry into the institution. ANCOP recruits are vetted individually through the National Directorate of Security and the MOI's counter-terrorism division, and their citizen-

ship and health records are verified. Further, two local community representatives are required to attest to their suitability for the ANP.

Several similar checks will be applied to Afghan Uniformed Police officers in districts undergoing the new Focused District Development program, including candidate approval by a local elder, the district police chief, and a senior representative from the MOI. Upon arrival to a Regional Training Center for FDD training, all AUP officers are then vetted once again by a regional police recruiter. During the course of the eight week FDD training, U.S. civilian police mentors monitor all trainees and identify those that need to be removed from the class. Police officers that fail to graduate from the FDD course are removed from the police force.

Although we continue to mentor senior MOI officials in recruitment efforts and vetting at the officer level is systematic, vetting at the basic recruit levels would benefit from a more thorough process. This remains a challenge in light of a number of factors including the continued high attrition rates of ANP, the need to recruit new trainees in a relatively short time-span, and the overall lack of attractiveness of the ANP as an employment option for many Afghans. The ANP as an institution continues to develop, including through the provision of infrastructure, equipment, training, and enhanced career prospects. Nevertheless, these systems are still undergoing development. For example, where possible, ANP are now paid through electronic transfer of funds, but many ANP—and particularly those working at remote border locations—continue to suffer from late or incomplete pay. The process of properly equipping all ANP and providing the necessary infrastructure to meet their operational requirements also remains a challenge, not only in placing the provisions but also in mentoring ANP officials in the logistics processes required to continually provide equipment and infrastructure to meet basic requirements. Similarly, general perceptions of the ANP and variable public trust in the institution also hinder the ability to recruit to best local talent available. To this end, we continue to work through our mentors to enhance the function and capabilities of the MOI.

Question:

What institutional reform efforts are we helping the Karzai government to undertake within the Afghan Ministry of Interior? Do those efforts include leadership training, sustaining institutions and organizations, and oversight and internal control mechanisms? How would you assess the level of coordination, communication, program management, and policy implementation in that Ministry, including the quality of private contractors and their effectiveness in training police officers?

Response:

Several of our Coalition partners are working to improve the professionalism and infrastructure of the Afghan Ministry of Interior (MOI). The USG effort is led by the Bureau for International Narcotics and Law Enforcement Affairs (INL) at the U.S. Department of State and the Department of Defense and is focused on promoting institutional reform at the MOI specifically to benefit the Afghan National Police (ANP). To this end, by the end of 2005 there were 30 U.S. civilian police advisors working at the MOI to develop, guide, and mentor senior MOI officials. Since that time, the MOI general policy, standards, and procedures manual has been drafted; the MOI plan for reorganization of rank and pay structure has been formulated and largely implemented; standardized recruitment criteria for police have been created; and the model police station program and field training officer programs have been initiated.

Pay and rank reform is the largest and most comprehensive initiative undertaken to restructure the MOI. Since October 2005, U.S. police advisors in coordination with UNAMA, State, and DOD have addressed the traditionally top-heavy command structure of the police force by vetting and testing senior MOI officials in an effort to right-size and rebalance the institution. Rank reform, which has moved progressively down through the rank structure of the Afghan National Police (ANP) to weed out unnecessary or non-performing positions has been completed for all field grade officers. All ANP except MOI headquarters candidates have been submitted for orders and unit assignment. The goal of pay reform is to adjust the pay of police ranks in order to ensure salaries are commensurate to responsibilities. By Fall 2007, pay reform had been completed for the General, Brigadier General, and Major General ranks and had begun to be implemented at the Captain and Lieutenant levels. In October 2007, the international community agreed that ANP who have completed basic training at an RTC or the CTC should receive pay parity with the ANA (\$100/month basic pay). These two reforms have boosted police morale and loyalty as they are seen as equitable measures that reduce corruption and recognize merit.

To address the problem of corruption and stem the tide of ANP attrition, advisors have been working with the MOI and members of the banking/financial community of Afghanistan to establish the Electronic Payroll System (EPS) for the police. The EPS is now functioning in the majority of provinces at banks and financial institutions in larger towns and cities and in over 60 payment locations in Kabul. U.S. civilian police advisors have worked to establish electronic funds transfer (EFT) for the direct payment of police salaries to individual bank accounts. Where implemented, EPS and EFT has resulted in a notable increase in salary accountability, decreased corruption, and increased ANP morale. Advisors have also worked with the MOI to establish an ID card program. This involves the registration of officers' personal information into an electronic database system and issuance of cards containing an electronic chip, a hologram, and a tamper-proof seal. To date, more than 80,000 police are registered in the ID card database allowing them access to EFT, and nearly 46,000 have received ID cards. This measure has greatly enhanced the ability of police to be accurately identified at banks and other financial institutions that pay out salaries upon presentation of proof of identity. The ID card also allows for greater and more consistent accountability of ranks.

The State Department and DOD (through CSTC-A), with the active support of civilian police executive and professional mentors, have been the driving force behind the development of the MOI as an institution. Through weekly scheduled meetings and daily interaction between the above partners and MOI leadership, an ongoing dialogue on measures to improve the effectiveness of the MOI has become the norm. As FDD continues to grow and intensify, greater effort is being made to transition the MOI into a position of policy implementation and execution. One of the key elements of this process is the daily active guidance of senior civilian police mentors, who function as a bridge between MOI executives and CSTC-A/State policymakers. In accordance with agreements between State and DOD, senior-level mentors are specified as a critical element of advancing the capabilities of the MOI as an institution. As such, these mentors are recruited to high standards of relevant experience in functional areas established by mutual agreement by DOD and State.

Increased coordination between State and DOD in recent months has led to an exceptional level of daily cooperation and synchronization of effort between U.S. partners to develop the ANP and the MOI. Nevertheless, the goal of developing Afghan primacy is dependent upon the ability of Afghan officials to assume leadership and responsibility for guiding and administering the ANP. The current methodology for developing the ANP requires intensive operational and administrative approaches that would be demanding even for well-established institutions. In this regard, continued mentoring of the MOI and ANP by the international community will be required for the foreseeable future, particularly in light of the demands of implementing FDD in an insecure environment.

IRAN

Question:

Madam Secretary, can you comment on the implementation and effectiveness of US sanctions toward Iran? Specifically, can you comment on the amount of goods seized, penalties imposed, and convictions obtained by U.S. authorities under the US trade ban against Iran? What has been the total amount of assets frozen due to financial sanctions implemented by the United States? What has been the total impact of U.S. bilateral sanctions on foreign investment in Iran's energy sector? Have any foreign companies been sanctioned under the ISA regime?

Response:

The Department of Treasury submits a semiannual report to Congress discussing matters concerning the national emergency with respect to Iran that was declared in E.O. 12957. The Department of Commerce's Bureau of Industry and Security submits a detailed Report on Foreign Policy Export Controls. I would refer you to the Departments of Treasury and Commerce (including the reports submitted by those agencies to Congress) for the most current data on the number of Iran-related commercial transactions that U.S. banks refused to process, amount of goods seized, penalties imposed and convictions obtained under the U.S. trade ban against Iran.

However, I believe it is important to emphasize that the effectiveness of sanctions should not be measured solely in quantitative terms, but also the degree to which additional unilateral and multilateral pressure has been brought to bear on the Iranian regime. In that respect, I believe the sanctions are having a meaningful impact.

In order to further isolate them from the U.S. financial system, a number of Iranian individuals and entities have been designated by Treasury and State for facili-

tating terrorism and/or their proliferation activities. These targeted financial measures have raised the cost associated with pursuing illicit activities and made it increasingly difficult for bad actors to take advantage of the international financial system.

This Administration has not imposed ISA-related sanctions to date. However, we are constantly gathering information on reports of possible deals with Iran and have pursued an aggressive diplomatic campaign, talking to CEOs and senior government officials, to discourage investment in Iran's petroleum sector. Investment in Iran's energy sector has slowed and our comprehensive approach has ensured the pressure we and our allies exert stays focused on Iran. The Intelligence Community's recent National Intelligence Estimate makes clear that Iran remains a threat as Tehran is, at a minimum, keeping open the option to develop nuclear weapons, and that the Iranian regime can be influenced by concerted international scrutiny and pressure. It is essential to maintain this pressure.

Question:

Given that the President was in the region during the January 6th Iranian confrontation with the United States Navy, what was the response from our allies? What steps has the US taken to marshal the support of allies operating within the region who may find themselves in an equally dangerous confrontation? Since several European and allied navies were dispatched to augment the US role in keeping shipping lanes in the region open after 9-11, have other countries made it clear to the Iranian regime that any attempt to interfere in the navigation of vessels within international waters by the IRGC will be treated no differently than a terrorist attack?

Response:

Long before the President's trip and the dangerous incident precipitated by Iran, our Gulf partners and other allies expressed their awareness of the acute threat that Iran poses to the security of the region, by virtue of its aggressive tactics in the Gulf waters, support for terrorism, and its continued violation of its international nonproliferation obligations.

The United States is engaged in ongoing discussions with the Gulf Cooperation Council countries, including under the auspices of the Gulf Security Dialogue (GSD). Within the GSD context, we discuss broader regional security issues, support for Iraq, defense cooperation, counterterrorism, counterproliferation, and critical energy infrastructure protection. Our GSD partners are fully cognizant of the need to bolster maritime and port security in the Strait of Hormuz and the Gulf as a whole.

We are not in a position to comment in detail on statements issued or responses made by other countries toward Iran. However, the forward defense posture of our allies alongside U.S. forces in the region—including their participation in maritime operations in the Gulf—clearly reflect shared security priorities, including the need to work together to ensure safe, uninhibited and legal maritime transits through the international waters of the Strait of Hormuz.

Question:

As U.S. and UN sanctions take hold inside the international financial system, Iran has increasingly turned to its central bank, Bank Markazi, to facilitate the transactions of those Iranian banks sanctioned by the UN and/or the U.S. Why hasn't the United States taken action against Bank Markazi if it is acting on behalf of entities designated as terrorists and weapons proliferators?

Response:

I am unable to comment on potential investigations or future actions in this forum.

However, the State and Treasury Departments have led international efforts to alert the financial community to the risks of doing business with Iran. Financial institutions throughout the world have responded to our outreach efforts by curtailing or eliminating their Iran-related business. The U.S. has also worked diligently within the UN and other multilateral organizations to highlight the risks inherent in conducting financial transactions with Iran. As a result of U.S.-led efforts, the Financial Action Task Force has twice issued statements warning of the risks arising from deficiencies in Iran's anti-money laundering and counter-terrorist financing (AML/CFT) regime. The FATF has also issued guidance to financial institutions on implementing UNSCR 1737.

For the most part, financial institutions have responded with integrity by taking action, in some cases above and beyond that required by host governments, to prevent Iran and designated entities from evading UN-imposed sanctions. U.S. government designation lists are circulated to financial institutions throughout the world to assist their efforts to curb illicit financial activities. As a result of these actions,

Iran is finding it increasingly difficult to operate in the financial system. However, it is clear that Iran engages in deceptive financial practices and actively seeks new methods and partners who will help them. The new UN Security Council Resolution 1803 calls upon all states to exercise vigilance on the activities of all Iranian banks, including Bank Markazi. We will continue to monitor the activities of Iranian banks and their deceptive financial practices and continue to urge governments and financial institutions to conduct careful scrutiny of their transactions with all Iranian entities.

Protecting the international financial system from Iranian terrorist and WMD proliferation financing is a priority for the Department of State. Our efforts are an important aspect of our broader policy to increase pressure on the Iranian regime while supporting the Iranian people.

Question:

Undersecretary Nicholas Burns told the Senate Banking committee last March that no new investments in Iran's energy sector had been finalized in the last two plus years. Why have no findings been made on the investments that were made before that time?

Response:

The Iran Sanctions Act (ISA) has been a valuable tool in our diplomacy to contain Iran, providing ongoing opportunities to raise our concerns about Iran with companies and other governments. Our ambassadors and senior Department officials engage in robust diplomacy aimed at deterring new investments in Iran's energy sector, and indeed Iran has had difficulty in recent years in finalizing agreements for developing its oil and gas resources.

Iran's lack of success in attracting new investment is attributable in large part to Iran's own policies and actions. But ISA, and USG actions, including State's and Treasury's efforts to discourage financial dealings with Iran have also played a key role in dissuading new investment in Iran. We have made vigorous efforts, talking to CEOs and senior government officials to discourage investment, and these steps have had an impact.

With strong support from our partners in the international community, we led efforts in the UN Security Council to secure adoption of three UNSC Resolutions imposing sanctions on Iran under Chapter VII of the UN Charter. We are also pressing individual countries to adopt additional measures outside the UN context. It is imperative that this momentum for the diplomatic coalition and the multilateral approach be sustained. We want to see that the major pressure stays on Iran, not on our allies. It is critical that the international community remains united in order to send Tehran a strong message about the continued costs of noncompliance.

We continuously gather information on reported deals and review it in light of the Act.

SYRIA/LEBANON

Question:

Would you please elaborate on the Administration's plan for providing security assistance to Lebanon for FY09? Given the dramatic increase in military and security assistance in FY2006, 2007 and 2008, why is there no explicit request for FMF for Lebanon? How has the Administration's assessment of the current security situation in Lebanon impacted your request?

Response:

We have requested \$62.2M in Foreign Military Financing for Lebanon in FY09. This assistance will build on the train-and-equip program for the Lebanese Armed Forces (LAF) begun after the 2006 Israel-Hizballah war to help them carry out their mandate under UN Security Council resolution 1701, especially maintaining law and order, securing Lebanon's borders, and establishing a weapons-free zone south of the Litani River. The LAF remains the primary guarantor of security during Lebanon's ongoing political crisis; we should continue to increase the quality and quantity of our assistance to enable them to confront threats to security and stability in Lebanon.

Question:

With respect to the dramatic increase in US assistance to Lebanon, if the opposition, including the terrorist organization Hezbollah, were to reenter the government, would the US continue providing both economic and security assistance? Given the fungibility issue, how would the provision of assistance to ministries not controlled

by the opposition in any way constrain the ability of Hezbollah and its constituent elements from operating the ministries that they would control?

Response:

We take great pains to ensure that our assistance to Lebanon and its democratically-elected government does not directly or indirectly benefit the terrorist organization Hizballah. In the past, we have been able to work around any Hizballah or Hizballah-aligned ministers or senior ministry officials to ensure that our economic and security assistance reaches the appropriate recipients to achieve our goal of displacing Hizballah's state-within-a-state. We will closely analyze Hizballah's role in a new Lebanese government and adjust our assistance as necessary to ensure full compliance with the letter of U.S. law and our shared goal of marginalizing Hizballah.

Our security and economic assistance is intended to strengthen the institutions of the Lebanese state and promote equitable and efficient distribution of services amongst the Lebanese population. As our security assistance increases the capacity and credibility of Lebanon's army and police, fewer Lebanese will turn to militias for security. As our economic assistance increases the competency and coordination of Lebanese government ministries, fewer Lebanese will turn to Hizballah-run NGOs for social services. In this regard, we treat our assistance as a capacity building tool, not a political prize for our allies in Lebanon. Our support for the March 14 coalition is predicated upon their vision of a secure, sovereign, and democratic Lebanon whose government exercises full control over the country via its legitimate institutions.

Question:

Madam Secretary, there are several pending requests for Members to be briefed on this past September's reported Israeli strike on a Syrian facility and its links to North Korea. The Congress is being asked to make a number of policy decisions based on assurances of North Korea's cooperation on the nuclear front. Yet, North Korea is still not meeting its deadlines and questions remain unanswered relating to the Syrian-North Korean link to the Strike. When will the Administration make this information more widely available to Congress?

Response:

We have seen press reports speculating that the Syrian site targeted by a September 6 Israeli air-strike housed components of a possible Syrian nuclear program. We have no further comment to provide in either an unclassified or classified setting.

ISRAEL/PALESTINIANS

Question:

Reports indicate that the recent destruction of the border wall between Egypt and the Hamas-controlled Gaza Strip enabled significant numbers of weapons and Iranian-trained terrorists to enter Gaza. This follows Egypt's continuing failure to stop terrorist smuggling of money, weapons and people through tunnels going in and out of Gaza. Therefore, regarding the Administration's suggested conditions for the provision of \$1.3 billion in foreign military financing (FMF) to Egypt, would you agree that the Administration should not waive the condition that Egypt must first take concrete and measurable steps to detect and destroy the smuggling network and tunnels that lead from Egypt to Gaza?

Response:

Hamas was responsible for the destruction of the border wall, not Egypt. We have repeatedly condemned Hamas' violent efforts to usurp the lawful authority of the Palestinian Authority (PA). Hamas is not only responsible for the border breach, but also the deterioration of security and humanitarian conditions in Gaza.

Egyptian security forces attempted to control the flow of Palestinians into Egypt while limiting the use of force in an attempt to avoid a humanitarian disaster. We support the efforts of Egypt, Israel, and the PA to improve security along the Gaza border, which is inextricably linked to the humanitarian situation inside Gaza.

Egypt has taken concrete steps to detect and destroy smuggling networks and tunnels. On December 26, 2007 Egypt arrested the head of a major Rafah-based smuggling network, seizing more than a ton of explosives in the operation. On January 14, 2008 Egypt located and destroyed a major cross-border tunnel, one of eleven detected and destroyed since December 2007. In mid-February, 2008 Egyptian security forces launched a major counter-tunnel operation in the Rafah area using intelligence gained during the January border breach, including from detained Hamas

operatives. These events are in addition to Egypt's agreement in late 2007 to use Foreign Military Financing to purchase \$23 million in tunnel detection equipment recommended by the US Army Corps of Engineers. While we are not yet fully satisfied with Egypt's efforts to interdict smuggling across the Egypt-Gaza border, we recognize the difficulty of the problem and believe these steps represent significant progress.

Question:

In light of Hamas's recent destruction of the border wall between Egypt and the Gaza Strip, does the Administration believe that Egypt's role vis-à-vis Gaza should change, particularly regarding the provision of food and energy?

Response:

The January 23 border breach demonstrated once again Hamas' willingness to exploit the plight of ordinary Gazans for political gain while highlighting the untenable humanitarian crisis inside Gaza. Prior to the breach, Egypt had been an invaluable partner in international efforts to isolate Hamas politically and economically. Now that the border has been re-sealed, Egypt must play an even greater role to ensure that the border wall remains intact, including by establishing mechanisms to improve the lot of ordinary Gazans.

We welcome recent discussions between Egypt and the Palestinian Authority (PA) on connecting more Gazans to the Egyptian power grid to ensure reliable supplies of electricity. We have also encouraged Egypt and Israel to consider Palestinian President Mahmoud Abbas' proposal to open one or more Gaza border crossings to commercial traffic under Egyptian, PA, and possibly European Union supervision.

Question:

Regarding the Administration's suggested conditions for the provision of direct, cash-transfer assistance to the Palestinian Authority, would you also agree that the following additional actions are also necessary:

- *The establishment of a documented and openly published comprehensive donor contribution database;*
- *The requirement that the PA grant the independent auditing agency full access to Ministry of Finance records, and*
- *The creation and implementation by the State Department or USAID of an end-use monitoring mechanism for all U.S. assistance provided to the Palestinian Authority.*

Response:

Palestinian Authority (PA) Prime Minister Salam Fayyad presented the Palestinian Reform and Development Plan (PRDP) at the Paris Donors Conference in December 2007. This document detailed the PA's needs from the donor community for both budgetary (cash transfers) and development assistance in order to build the capacity and institutions necessary for a future state. Following the successful Donors Conference, the Finance Ministry of the Palestinian Authority has been tracking donors' disbursements against pledges. Additionally, the World Bank and the IMF regularly update the donor community on pledges.

The Department of State and USAID have, on three occasions during the past eight months, contracted with independent, international accounting firms to perform work at the PA Ministry of Finance (MoF). In each case the international accounting firm was granted full access to MoF records.

The U.S. government through USAID has provided direct cash assistance to the Palestinian Authority on three occasions between 2003 and 2005. Each cash assistance program was followed by an independent audit contracted by USAID's Office of the Inspector General. In no case was the PA found to have misallocated or misspent any U.S. assistance.

Consequently, the U.S. government presently receives all necessary cooperation and access to records required to monitor U.S. assistance to the PA Ministry of Finance, and through the USAID Office of the Inspector General there has been and there will continue to be a full accounting for all U.S. taxpayer assistance to the Palestinian Authority. In addition, the planned implementation mechanisms for USAID project assistance (for which the funding does not pass through the Palestinian Authority) are all subject to oversight by USAID employees, USAID implementing partners, construction management engineers (in the case of construction projects) and are also subject to audit (all USAID prime awards and significant sub-awards are subject to audit). These existing mechanisms provide end-use monitoring of all such project assistance.

Question:

Regarding U.S. provision of non-lethal security assistance to the Palestinian Authority, could you comment on what monitoring systems are in place to ensure that such assistance does not go to members of the Palestinian security services who belong to terrorist organizations, including Fatah's al-Aqsa Martyrs' Brigades?

Response:

The State Department works through a sophisticated set of vetting and "end-use-monitoring" (EUM) mechanisms to ensure that its training and equipment assistance to the Palestinian Authority's National Security Forces (NSF) and the Presidential Guard (PG) does not fall into the hands of terrorists, criminals, or gross human rights violators. The Department, in compliance with congressional mandates, vets all candidates for training by running their names through various data bases at post and in Washington for potential foreign terrorist organization affiliation and for gross human rights violations. If the Department finds credible evidence that members of the NSF or PG—both of which are under the command of Palestinian Authority President Abbas—have committed gross violations of human rights or have been affiliated with terrorist organizations, then those members are excluded from the training and dropped from the program.

Equipment that is provided as part of the PA Security Sector Reform Program is similarly monitored to ensure that it is used by the intended recipients for its intended purposes. The Department has signed a Letter of Agreement with the Palestinian Authority that provides the US Government the right to examine the property we provide the PA and to inspect the records that govern its use and management. We have provided follow-up guidelines to post instructing it to conduct a comprehensive annual EUM survey that, among other things, will result in an inventory of this equipment, an assessment of its condition and status, and an explanation if any equipment cannot be accounted for.

Question:

Lt. General William Fraser has been tasked as the new roadmap implementation monitor. What exactly are his duties? Is he arbitrating between the sides? Judging compliance? Or is he mainly monitoring and reporting back to Washington? The Israelis, Palestinians and the U.S. have different interpretations of what the roadmap says and what the obligations of the parties are. Will General Fraser define these obligations? How will he bring the sides to a common understanding of the roadmap's meaning?

Response:

General Fraser's mission will support the U.S. role in monitoring and judging the parties implementation of their Roadmap obligations at an operational level. He will conduct bilateral and trilateral meetings with the parties and report regularly and confidentially to Secretary Rice on the parties' performance and press for improvements in both parties' performance.

Question:

The first phase of the roadmap clearly calls for an end to all forms of incitement. Does the State Department monitor Palestinian television, radio, textbooks and sermons from mosques for incitement? Do we know what is being taught in the schools? Will General Fraser be working with the PA on this important issue?

Response:

President Bush and Secretary Rice have made clear that Israeli-Palestinian peace is an American interest and a top policy priority. The President has said that the implementation of any agreement is subject to implementation of the Roadmap. These Roadmap obligations range from institutional reform and combating terrorism and extremism on the part of the Palestinians, to a settlement freeze and allowing the reopening of Palestinian institutions in East Jerusalem on the part of Israel.

LTG William Fraser was appointed by the President to support the U.S. role in monitoring and judging the parties' implementation of their Roadmap obligations. He will meet with the parties, report regularly and confidentially to the Secretary on performance and press for improvements in both parties performance where he sees fit.

The new textbooks produced by the Palestinian Authority (PA) represent an improvement over the old ones used earlier in the West Bank and Gaza. Anti-Semitic comments that appeared in the in the old textbooks have been removed. PA textbooks routinely ignore, however, the Israeli and Jewish presence in the Holy Land.

We continue to work with regional organizations, like the Israeli-Palestinian Center for Research and Information, that monitor Palestinian educational textbooks.

Question:

Secretary Rice, last month President Abbas declared three days of mourning for the death of George Habash, the head of the terrorist group the Popular Front for the Liberation of Palestine (PFLP). Have you expressed our deep outrage to President Abbas for honoring Habash and calling him an "historic leader?"

Response:

The United States Government believes that Palestinian President Mahmoud Abbas, and the current Palestinian Authority government, is a partner for peace. In a January 23 speech at the Herzliya Conference, Israeli Prime Minister Ehud Olmert said: "We have no more promising horizon of hope than the chance to hold dialogue with the present Palestinian Leadership . . . I say that there is no better Palestinian leadership than this one—with this one, we can discuss peace."

Question:

The United States has spent hundreds of millions of dollars on Palestinian projects and provided many millions directly to the PA government. How do you judge the success of these efforts? What metrics should we use to evaluate which programs have been successful and which have not?

Response:

Since 1993, USAID has obligated approximately \$1.9 billion in regular appropriation and supplemental funding for programs in the West Bank and Gaza. As a result of the Wye River Accords, USAID first provided budget support to the PA in a FY 2003 ESF cash transfer of \$20,000,000 for infrastructure projects (\$11,000,000) and for utility payments (\$9,000,000). A second ESF cash transfer, totaling \$20,000,000 was provided in FY 2005 for utility payments. USAID provided a \$50,000,000 ESF cash transfer in late FY 2005 in response to Israel's disengagement from Gaza. The funds were provided for housing and critical infrastructure development needs. In May 2006, after Hamas, which is a designated foreign terrorist organization, won a Parliamentary majority in the January 2006 elections, the PA returned \$45 million in non-expended funds which USAID deobligated. The balance of \$1.65 billion has been managed directly by USAID for technical assistance, training, infrastructure, and service delivery programs for the benefit of the Palestinian people. Most recently, on March 19, 2008 USAID signed a \$150 million cash transfer agreement with PA Prime Minister Fayyad. The purpose of the funding is to provide needed budget support to the PA specifically for debt owed to commercial vendors and financial institutions.

Each fiscal year, our program and budget plans are developed following an internal Portfolio Review and assessment of program performance. We then report on program success with regard to project- and program-level indicators that track program performance. These indicators are documented and reported on an annual basis. The Mission has a state-of-the-art Geographic Information System (GIS) that allows partners to input progress on indicators to the GIS, which staff members can then follow up on through site visits to ensure progress and program performance. USAID/West Bank-Gaza reports on these indicators every year through the Operational Plan (and before that through the Annual Report). Key results are also reported every year through the Congressional Notification process.

Our programs, of course, must operate in an extremely challenging environment. For example, from the January 2006 victory of Hamas in elections for the Palestinian Legislative Council to July 2007, our programs could not engage in any direct relationship with the Hamas-led Palestinian Authority. Instead, our efforts, focused on providing community-level assistance and working directly with the Office of Palestinian President Abbas.

For example, noting again the prohibition against contact with the Palestinian Authority throughout most of this FY2006-time frame, in FY 2007 USAID/West Bank and Gaza reported the following program results in the major areas of assistance:

Governing Justly and Democratically:

USAID developed the legal framework for the Judicial Training Institute, which trains over 500 judges, prosecutors, and administrators of courts and public prosecution members. In the past four years USAID assistance also affected the way people think about the rule of law by supporting programs that reach into the public school system. Approximately 4,000 school children

studied rule of law concepts in special educational programs, mock trials and theatre shows.

Investing in People:

In 2007, USAID reached over 300,000 women and children through maternal and child health activities; assisted almost 60 non-governmental organization clinics and 15 hospitals; and provided safe drinking water to 1.5 million Palestinians. In the past decade, over 70 Palestinian scholars have studied at American universities. USAID programs have also been measured to have a big impact in delivering clean water to Palestinians. In the Hebron region alone, new water transmission lines deliver clean water to 480,000 Palestinians in Hebron, Bethlehem and 25 nearby villages. An additional 100,000 West Bank residents and 35,000 Gaza residents benefited from the Emergency Water Operations Center that performed dozens of emergency infrastructure repairs.

Economic Growth:

In 2007, USAID trained approximately 3,000 farmers on best practices; constructed or rehabilitated over 100 greenhouses; reached almost 7,000 Palestinians through food security activities; and sustained over 1,500 jobs as the Palestinian economy neared collapse. In the past decade USAID helped establish commercial bank-based micro-enterprise lending, where none had existed before due to perceived risk.

Humanitarian Assistance:

In 2007, USAID was a leading donor in food aid, providing \$32 million in humanitarian assistance, including 47,000 metric tons of food assistance reaching 300,000 monthly beneficiaries. In the past decade, USAID has reached roughly 40% of the non-refugee food-insecure population in the West Bank and Gaza with food assistance.

EGYPT/JORDAN

Question:

Please comment on the numerous reports of significant improvement in relations between Egypt and Iran, including visits of high ranking Iranian officials to Cairo. Has the Administration communicated to the Mubarak Government that such actions undermine American and international efforts to increase isolation of the radical Islamist regime in Tehran, and that we strongly oppose a resumption of Egyptian-Iranian diplomatic ties?

Response:

Egypt severed diplomatic ties with Tehran in 1979 after Cairo signed a peace treaty with Israel, and provided asylum for deposed Iranian Shah Mohamed Reza Pahlavi. Egypt remains supportive of increasing pressure on Iran. Its financial institutions have implemented all UNSCR 1737 and 1747 obligations, and we expect Egypt will publicly endorse adoption of the third sanctions resolution on Iran.

Egypt has expressed concerns about Iranian activities throughout the region, most notably its support for Hizballah and Hamas. President Hosni Mubarak criticized Lebanese Hizballah for beginning of the 2006 Israel-Lebanon conflict, though he also criticized Israel for using "disproportionate force." Egypt has long denounced Tehran's support for Palestinian rejectionists, as well as Iran's meddling in Iraq. In addition, Egypt continues to protest the naming of a street in Tehran in honor of Khalid Al-Islambouli, Anwar Sadat's assassin.

Egypt and Iran have held preliminary discussions about the status of their relationship and the possibility of reestablishing diplomatic relations. Despite this outreach, Egypt remains worried about Iran's destabilizing behavior throughout the region, most notably its pursuit of the technology that could be used to build a nuclear weapon. We are in close contact with our Egyptian counterparts about the prospects of such discussions and do not read much into their recent communications with each other.

As a leader in the region, we expect that Egypt will to continue to make clear to Tehran that it must comply with UNSC obligations to suspend enrichment and cease its destabilizing actions with threaten regional security.

Question:

Please comment regarding Egypt's decision to resume its long-frozen nuclear program and build its first nuclear reactor. Is the Administration concerned that Egypt's action may give cover to Iran's relentless pursuit of a nuclear capacity and could re-

sult in a nuclear arms race in the Middle East? Has the Administration urged Egypt to first fully disclose its past nuclear activities and sign the Additional Protocol to the Nuclear Non-Proliferation Treaty?

Response:

The United States has a peaceful uses nuclear cooperation agreement with Egypt dating back to 1981. As the President, Secretary Bodman, and I have stated on several occasions, we believe that civil nuclear power will be an increasingly important energy source. States, such as Egypt, that are members of the NPT and are in good standing should have access to civil nuclear power. As long as they abide by their international obligations, the United States wants to support those efforts.

This approach was emphasized in the Joint Declaration on Nuclear Energy and Nonproliferation, issued by Presidents Bush and Putin on July 3, 2007, after their meeting in Kennebunkport, Maine. It envisages a new format of enhanced nuclear cooperation whereby the United States and Russia would provide, to states considering the development or expansion of nuclear energy, a broad array of assistance measures as an incentive to pursue the benefits of nuclear energy without acquisition of sensitive nuclear fuel cycle technologies.

We are concerned about the regional implications of Iran's nuclear program. Iran's flagrant violations of its international obligations, however, should not preclude U.S. support for other states' responsible pursuit of the peaceful use of nuclear power. We are also mindful of the positive model responsible nuclear programs in the region would provide in contrast to Iran's nuclear endeavors, and that appropriate U.S. support to such programs helps belie Iran's claim that "the West" opposes even peaceful nuclear development in Muslim states.

Should Egypt decide to pursue a nuclear power program, it is imperative that it do so in a manner consistent with the highest standards of nonproliferation. In recent years, Egypt has demonstrated its willingness to work with the IAEA to resolve questions about its past nuclear activities. In February 2005, IAEA Director General ElBaradei issued a report which stated as a matter of concern "the repeated failures by Egypt to report nuclear material and facilities to the Agency in a timely manner." The report noted, however, that many of the activities involving undeclared materials had taken place before Egypt's safeguards agreement entered into force in 1982 and did not continue thereafter. In March 2005, the IAEA Board of Governors considered the report, and concluded by consensus that the issue was not a matter of proliferation concern.

We strongly support the IAEA's efforts to ensure that safeguards agreements are implemented fully, effectively, and in a transparent manner, and note that the IAEA's strengthened safeguards evaluation process played a key role in identifying the failures in Egypt's safeguards implementation. As such, we will continue to encourage all countries, including Egypt, to conclude an Additional Protocol to their Comprehensive Safeguards Agreement with the IAEA.

Question:

How will aid provided to Jordan strengthen our bilateral security and military ties with that nation? Has the potential for Jordanian participation in NATO's Mediterranean Dialogue and Operation Active Endeavor been raised?

Response:

U.S. economic and security assistance to Jordan signals our strong support of, and appreciation for, an important ally that helps advance shared strategic goals both within Jordan and throughout the Middle East. In strengthening our bilateral ties, State Department-funded programs in Jordan will support a broad array of issues including counterterrorism, border security, training, interoperability, and counterproliferation. U.S. assistance to Jordan will also help to promote stability in Iraq, advance Israeli-Palestinian talks, and support democracy and stability in Lebanon.

Jordan is an active participant within NATO's Mediterranean Dialogue (Med-D). The Med-D offers a forum for political dialogue but seeks to focus on practical cooperation in a number of priority areas such as military-to-military cooperation, combating terrorism and new security threats, border security, civil emergency planning, and defense reform. The military dimension of the Med-D includes programs which assist in interoperability, participation in NATO exercises, visits by mobile training teams, exchanges, high-level visits, and attendance at various NATO schools, to include the NATO Defense College in Rome.

Jordan does not yet participate in Operation Active Endeavor, although the door is open for it to do so. Three other Med-D partners (Israel, Morocco, and Algeria) have joined or are in the process of negotiating their possible participation.

Question:

What leverage is the Administration planning to use with the Saudis and the Gulf Emirates with regard to fulfilling their obligations to stem the flow of terrorist financing both originating in, and moving through those countries?

Response:

The United States Government, in the context of a very broad counter-terrorism dialogue and cooperation, seeks to work closely with Saudi Arabia and the other Arab Gulf States on combating terrorism financing. With specific regard to Saudi Arabia, an important partner in the War on Terror, we engage at the senior most levels of the Saudi Government to identify, investigate, and interdict terrorism financiers in the Kingdom. The United States government has made clear to Saudi officials that they need to do more to stem the flow of funds from within the Kingdom to terrorists abroad. The United States government continues to look for additional ways to enhance cooperation with Saudi Arabia on the government's efforts to fight money laundering and terrorist financing. We have similar engagement with the other Arab Gulf States.

Question:

Will we expect Gulf Security Dialogue-participant countries to support and participate in U.S. and international non-proliferation and counter-terror policies and programs, such as the Proliferation Security Initiative?

Response:

The Gulf Security Dialogue was launched in 2006 to provide a framework for the U.S. and its Gulf partners to address some of the most important security issues affecting the Gulf, including regional threats, Iraq, counterterrorism, infrastructure security, and non-proliferation. The GSD serves as the primary Gulf security coordination mechanism with the Gulf Cooperation Council (GCC) countries. It represents our enduring interest in the region and promotes U.S.-GCC cooperation to meet common security threats.

The U.S. and its GCC partners recently completed the fourth round of bilateral sets of GSD talks, which occur twice annually, alternating between Washington and the region.

We believe there is a natural link between all six pillars of the GSD, two of which are non-proliferation and counterterrorism. Prior to the GSD, our security dialogue with GCC countries focused more on conventional military cooperation. The elevation of non-proliferation and counterterrorism into the GSD, when it was launched in 2006, signaled the increased emphasis that is now being placed on these crucial issues. In addition to the basic structure of the GSD, which is built to encourage our GCC friends to elevate non-proliferation and counterterrorism concerns to the top of their strategic agendas, we also, at our twice-annual bilateral meetings, encourage GSD participant countries to support our CT and non-proliferation policies and to participate in programs we organize or endorse. State Department experts in counterterrorism and non-proliferation participate actively in the GSD talks. We have been successful in these efforts—all the GSD participant countries also participate in the Proliferation Security Initiative. Bahrain, Saudi Arabia, and the UAE participate in the Global Initiative to Combat Nuclear Terrorism as well. We will continue to encourage our friends in the Gulf to support and participate in U.S. and international non-proliferation and counter-terror policies and programs.

Question:

Can you comment on French President Sarkozy's recent trip to the Persian Gulf earlier this month? What is the Administration's understanding with regard to the purposes of and plans for the naval base that the French are seeking to establish in the United Arab Emirates?

Response:

President's Sarkzoy's visit to the UAE included the signing of a number of agreements, among them a deal on cooperation in the development of a peaceful civil nuclear energy program, and purportedly a deal allowing France to establish a permanent military presence in the UAE. This would be France's first military presence established overseas in recent years outside its former colonies. It is unclear if French military personnel will be permanently assigned to the UAE—or if postings will occur on a rotational basis.

The French have a much more narrow military presence in the Arabian Peninsula than the United States. In part, the French presence in the UAE will provide logistical support for French forces deployed in the region and in south central Asia.

Question:

As you know, many of us have been deeply concerned about the sale of JDAMS to Saudi Arabia. Will you provide Congress in writing an inventory of assurances and commitments made as they relate to this sale? Will you commit that Congress will be a part of any decision to alter these assurances and commitments?

Response:

We have consulted closely with Congress on the sale of Joint Direct Attack Munitions (JDAM) to Saudi Arabia and will continue to do. The sale of JDAM to Saudi Arabia is a critical component of the Gulf Security Dialogue, which supports our overall regional strategy by enhancing regional security and stability, and strengthening the defensive capacities of our Gulf partners.

We are mindful of the sensitivity of the precision targeting capabilities and have made arrangements to ensure the security and proper employment of such munitions. Given the classified nature of many of these measures, we will keep Congress informed on details regarding this sale, including any future changes, in proper channels.

WESTERN HEMISPHERE—CUBA

Question:

The Fiscal Year 2009 international affairs budget request explains that Economic Support Fund (ESF) funds will be used in Cuba to further strengthen civil society, assist human rights activists and independent journalists, and reach out to courageous Afro-Cubans, women, youth and student activists. As the next few years potentially offer great opportunity for major democratic gains for the Cuban people, our support of a strong Cuban civil society is vital for their eventual freedom from the oppressive reign of the Castro regime. With this in mind, I would like to know why the Fiscal Year 2009 ESF request for Cuba is such a significant reduction in funding, going from \$45 million in Fiscal Year 2008 to just \$20 million in the Fiscal Year 2009 request, more than a 50% decrease in support. How does that funding level reflect the United States' continuing commitment to the Cuban people?

Response:

To empower the Cuban people and the Cuban democratic opposition to take advantage of new opportunities, the Commission for Assistance to a Free Cuba (CAFC) recommended an investment of \$80 million over two years (FY 2007 and FY 2008) to increase support for Cuban civil society, expand international awareness, break the regime's information blockade, and continue developing assistance initiatives to help Cuban civil society realize a democratic transition.

The FY 2009 request for \$20 million in Economic Support Funds for Cuba is intended to sustain efforts to encourage democratic change initiated during the surge of funding in FY 2007 and FY 2008 as mandated by the CAFC II report. The CAFC II report recommends an annual investment of \$20 million in FY 2009 and beyond, until there is clear evidence of a democratic transition in Cuba.

ECUADOR

Question:

Referring to our current operations in Manta, Ecuador, a recent article from the Air Force Times notes that "America's lease on the military's most prolific counter-narcotics operating location expires November 2009, but . . . no plans have been made to find a permanent replacement south of the continental U.S." Next year, we are set to lose one of our most critically important resources in the fight against narcotics and yet we have no plans to find a replacement? Is anything being done to try to extend our Manta agreement? What is the State Department doing to counter-balance the impending closure of the Manta base?

Response:

The Departments of State and Defense meet regularly to consider potential courses of action to determine whether we can maintain U.S. Government access to the facilities at Manta, Ecuador.

The Departments of State and Defense have also been discussing alternatives to Manta should we be unable to negotiate an extension to the current agreement with Ecuador. Our goal is to expand our access agreements to ensure that effective counter-narcotics coverage will be maintained with or without access to Manta.

THE “MERIDA” INITIATIVE

Question:

Congress is considering the newly introduced Merida Initiative. The Fiscal Year 2009 Request includes the 2nd installment of what we’ve been told is a 3 year, \$1.4 billion program to combat organized crime and narco-trafficking in Mexico, the U.S. and Central America. Does this second request address the current disparity between funding levels for Mexico and Central America? Because we have had success in our efforts to confront narco-trafficking and crime in Colombia, and even here in the United States, we know the “balloon effect” that usually follows, driving drug traffickers to cross other countries’ territories. Should we be concerned that the success of this initiative might lead to increased drugs and crime in the Caribbean? Do we have a long term, specific vision for what we expect the Merida Initiative to achieve and for the next steps following its completion?

Response:

As part of the Merida Initiative, the Department of State has requested \$100 million for programs in Central America in FY 2009. The Central America portion of the package is designed to respond to the regional security strategy developed by the Central American Integration System (SICA) and the most pressing needs identified by SICA member countries at the July U.S.-SICA Dialogue on Security, specifically gangs, drug trafficking, and illicit trafficking of arms. Our goal is to develop a substantive, mutually-beneficial security partnership with our Central American neighbors that will improve the security of the region as a whole.

The Merida Initiative’s Central America component includes training and equipment for port, airport, and border security in Central America; upgraded maritime interdiction assets; expansion of vetted police units focused on counter-narcotics; enhanced information sharing and collection, such as upgrading crime and fingerprint databases; and systemic improvements to the criminal justice system, such as post-prison rehabilitation and prosecutorial capacity building.

In general, the Merida Initiative focuses on improving the capacity of the Mexican and Central American governments to meet their security and law enforcement challenges, and does not provide for increased assistance to Caribbean governments. Nevertheless, we are cognizant of the possibility that success in Mexico and Central America may force drug traffickers and other organized criminals to seek new routes and methods.

Current Department of State counternarcotics assistance, administered by the Bureau for International Narcotics and Law Enforcement Affairs (INL) provides training, equipment, travel, and technical assistance for a number of law enforcement and drug demand reduction efforts in the Caribbean. The primary purpose is to improve the capacity of law enforcement agencies to target trafficking organizations and conduct more efficient interdiction operations. INL assistance often supports specialized units, such as canine detection and vetted investigative units. INL funding also supports demand reduction programs, participation in interoperability conferences, and in some cases participation in the Container Security Initiative. In the Eastern Caribbean, INL assistance also supports restoration and ongoing maintenance of interdiction patrol boats. In Haiti, U.S. counternarcotics and security assistance focuses on reform of the Haitian National Police (HNP) and the Haitian Coast Guard. INL-provided equipment and technical assistance is aimed at transforming the HNP into an effective law enforcement institution.

It should also be noted that since the heyday of Caribbean trafficking, the United States and its regional partners have taken several important steps to make illegal trafficking through the region more difficult. The aforementioned programs, as well as *Operation Bahamas, Turks and Caicos (OPBAT)*, an interagency counternarcotics operation in cooperation with the Commonwealth of The Bahamas, are several examples. A 2005 GAO report noted that improved intelligence, better regional maritime cooperation, and the use of armed helicopters against go-fast boats, have combined to make the Caribbean a more dangerous environment for drug traffickers. The result was a string of record breaking years for drug seizures and disruptions in the drug transit zone from 2000–2005. The same report emphasized the importance of the 25 Counternarcotics Maritime Law Enforcement Agreements between the U.S. and regional governments.

We believe that our assistance programs, excellent regional cooperation, and support for other U.S. agencies such as Joint Inter-Agency Task Force South, will deter illegal trafficking organizations from moving the bulk of their activity to the central and eastern Caribbean. However, we will continue to be in close contact with the intelligence, interdiction and law enforcement communities, as well as with our

partners in the region, looking for any indications that such a transition is under-way.

We continue to work with our Mexican and Central American counterparts to develop specific benchmarks for measuring the effectiveness of the program. In the short-term, these performance measures will include:

- Increased arrests of drug traffickers and gang members, and the harassment and dismantling of organized crime syndicates;
- Increased interdiction of illegal drugs and weapons;
- Improved effectiveness of the national judicial systems, leading to a reduction in criminal case backlogs, a reduction in the average length of trials, and increased confidence in the courts;
- Improved law enforcement cooperation across institutional and national boundaries, leading to greater coordination of police action, and the ability to pursue and arrest criminals throughout Mexico and Central America.

The Merida Initiative consists of a broad array of programs that directly confront an immediate crisis, and set the stage for future cooperation with our Mexican and Central American neighbors. As a result of the Merida Initiative, we look forward to seeing strengthened democratic institutions, increased prosecution of criminals, and decreased narcotics flows in the region. Furthermore, through the implementation of these programs, we look forward to new and strengthened relations and levels of cooperation among the governments of the U.S., Mexico, and Central America. We especially look forward to the working-level cooperation that will develop between our respective implementing agencies. Particularly important in this regard will be the trust and mutual respect that develops between the U.S. and Mexican militaries. At the conclusion of this three-year initiative and going forward, we anticipate that all of these direct and indirect successes will serve as part of a new and enriched foundation for continued cooperation on common goals.

The Department looks forward to consulting Congress over the coming years regarding the progress made in efforts related to the Merida Initiative, and on what are the next steps the USG can take in partnership with Mexico and Central America in consolidating gains and continuing to strengthen democratic institutions and stem the violence and flow of narcotics in the region.

TERRORISM

Question:

Illegal financing networks and terrorist attacks reveal the growing threat of terrorism in the Western Hemisphere. However, the most recent Country Report on Terrorism states we still do not have a Regional Strategic Initiative in place in the region. Why is this? What is being done to coordinate efforts throughout the Hemisphere to better understand this threat and identify opportunities to confront it?

Response:

The initial Regional Strategic Initiative (RSI) for Latin America took place in Miami on September 18, 2007 (see page 185 of Country Reports on Terrorism 2007, issued on April 30, 2008). The Coordinator for Counterterrorism, Ambassador Dell L. Dailey, met with the U.S. Ambassadors to Ecuador, Brazil, Paraguay, Argentina, and Venezuela; senior staff members from the U.S. Embassy in Colombia also attended. The U.S. ambassadors from Panama, Peru, and Trinidad and Tobago, which are also in the RSI, could not attend.

In addition to representatives from the State Department, including the U.S. Agency for International Development, representatives from the departments of Defense, Treasury, Justice, and Homeland Security, and the intelligence community also attended the RSI.

The RSI participants identified a wide range of solutions that primarily draw on existing USG assistance. They discussed and identified conditions that terrorists could exploit, including lax law enforcement, poor travel document and border security, and the existence of fund raising networks and links to transnational criminal networks. They also discussed training for host nation police forces, public outreach to local populations, and improving economic opportunities. They emphasized programs that inhibit the ability of terrorists and other transnational criminals to operate in the region, such as document fraud training, terrorism finance, and port security.

The RSI identifies and seeks to use all existing tools of statecraft to address terrorist threats and improve the counterterrorism posture in the region, promote regional cooperation, and build synergies among existing USG programs. RSI participants continue to follow-up on the discussions from the initial RSI meeting as well

as collaborate on other counterterrorism initiatives. We expect to have such RSI for Latin America meetings on an annual basis.

EURASIA—US-RUSSIAN RELATIONS

Question:

Madam Secretary, can you give me your assessment of the state of our bilateral relationship with Russia? What are the primary areas of cooperation and what are the major points of disagreement or contention in our bilateral relationship? As part of your answer, could you specifically address the issue of Russia's cooperation in the area of nonproliferation, especially the area of preventing terrorists from acquiring nuclear weapons?

Response:

The U.S. and Russia have a complex bilateral relationship, with a number of important areas in which we have strong cooperation along with issues where we have our differences. The areas of cooperation include addressing counter-terrorism, non-proliferation, facilitating the Middle East Peace Process, and actively participating in the Six-Party process to address North Korea. The U.S. and Russia have taken a leading role in promoting the Global Initiative to Combat Nuclear Terrorism, helping to ensure that countries around the globe adopt the appropriate legal frameworks and take the necessary administrative and operational steps to preclude nuclear terrorism. In the high-level, interagency U.S.-Russian Counterterrorism Working Group, the two countries work closely to deepen bilateral cooperation against terrorism. In the UN Security Council Counter-Terrorism Committee, the two countries work productively to ensure implementation of the relevant UN Security Council Resolutions on terrorism.

As with other countries, we also have areas where we do not see eye-to-eye with Russia. Currently, the U.S. and Russia continue to be engaged in bilateral discussions on Missile Defense in Europe and resolving the current impasse over the Treaty on Conventional Armed Forces in Europe (CFE). In addition, the U.S. and Russia remain divided over the recent declaration of independence by Kosovo, with the U.S. and the majority of the EU recognizing Kosovo's independence, and the Russians supporting the Serb position of rejection. Finally, the U.S. remains concerned by the negative internal trends in the Russian Federation in the areas of democratic development and human rights.

US-RUSSIAN NUCLEAR COOPERATION

Question:

What are the Administration's plans regarding the 123 Agreement for nuclear cooperation with Russia? When will it be forwarded to Congress for review? In what ways will it benefit the U.S.? Does the Administration plan to proceed with expanded nuclear cooperation despite Russia's continuing assistance to Iran's nuclear program?

Response:

Negotiations with Russia on the text of an Agreement for Peaceful Nuclear Cooperation ("123 Agreement") were essentially completed in April 2007 and the text was initialed in Moscow on June 29, 2007. In their July 3, 2007 Declaration on Nuclear Energy and Nonproliferation Joint Actions, President Bush and President Putin noted the initialing of the text with satisfaction and highlighted their shared view that the Agreement, once signed and brought into force, would provide "an essential basis" for cooperation between the United States and Russia in the field of peaceful uses of nuclear energy.

The remaining statutorily-mandated steps toward securing the President's approval of the proposed Agreement and his authorization to sign it are pending within the Executive Branch. The Administration has not yet moved the proposed Agreement forward for the President's approval. We first want additional engagement with senior Russian officials concerning Iran's nuclear program and what we can do together to address the issue. We look forward to discussing this further in a classified setting and we are in the process of arranging such discussions with your staff.

Regarding Russian assistance to Iran's nuclear program, the Administration does not regard Russia's support for the Bushehr project in Iran as in itself a reason to withhold signature of the Agreement and its transmittal to Congress. The President has made clear his support for Russia's supply of nuclear fuel to Bushehr because it demonstrates that Iran does not need to possess the complete nuclear fuel cycle—with its latent proliferation risks—to take advantage of the peaceful uses of nuclear energy.

Following signature, the Agreement will be submitted to Congress for the statutory review period provided for by section 123 of the U.S. Atomic Energy Act of 1954, as amended.

For the United States, having an Agreement for Peaceful Nuclear Cooperation in place with Russia would provide a framework for potential commercial sales of civil nuclear commodities to Russia by U.S. industry. It would also facilitate U.S.-Russia cooperation in developing Global Nuclear Energy Partnership (GNEP) technologies, in particular the development of advanced fast burner reactors, the fuel for which would likely be developed in the United States and then be transferred to Russia pursuant to the 123 Agreement for test irradiation.

RUSSIAN ENERGY MANIPULATION

Question:

Madam Secretary, Russia and its state-owned energy company "Gazprom" appear to have used energy exports as a political tool against some of Russia's neighbors, particularly Ukraine and Georgia. The European Union and its member-states, themselves dependent on Russian energy exports, appear to have done little to address this issue, given their own dependence on Russia's energy supplies. What steps, Madam Secretary, is the United States taking to coordinate with the EU on a unified energy security policy and strategy to prevent Russia's use of its energy as a political tool against its neighbors?

Response:

Energy security has increasingly become a policy priority for the United States and the European Union (EU), with a primary goal of diversifying energy sources. EU member states currently import around half of their energy needs (of which roughly half comes from Russia) and are expected to import 65 percent by 2030. Natural gas rapidly is becoming the fuel of choice for power generation. Some analysts forecast EU natural gas consumption doubling in the next 25 years, with more than 80 percent imported in 2030.

At the March 2007 EU Summit, European heads of state adopted a series of proposals focusing on three energy interconnected goals: (1) increasing member-state coordination to secure and diversify supplies; (2) encouraging the development and use of renewable energy resources; and (3) fostering competition in Europe's internal energy market. The United States works actively with the EU on the first two goals, and continues a constructive dialogue with the EU on its internal reform efforts.

We will hold the second U.S. and EU Strategic Energy Review in Washington on March 3 to discuss U.S.-EU cooperation on energy issues, such as a common approach to Russia, outreach via the International Energy Agency, and promoting the diversification of energy resources from or through Iraq, Turkey and the Caspian Basin.

Cooperation with the EU to realize a Southern Corridor of natural gas infrastructure to diversify European energy sources has accelerated in the last two years, including a commitment at the 2007 U.S.-EU Summit. The United States and EU have been working with the Caspian Basin countries and Iraq to support diversification projects such as the Nabucco pipeline, which could transport Caspian and Middle Eastern (including Iraqi) gas to Europe. In late 2007, the European Commission (EC) designated the Nabucco pipeline an EU priority project and concluded a feasibility study on transporting Caspian gas to European markets. The EC also signed an agreement with Iraq in January on gas exports to Europe. The United States has: (1) continued to support the Nabucco and Turkey-Greece-Italy pipelines and work to resolve gas transit issues; (2) engaged Turkmenistan on upstream access and regional cooperation; (3) held two U.S.-Iraq-Turkey trilateral meetings, with a third scheduled for March 1; and (4) funded feasibility studies and technical assistance for Caspian countries.

We are working together thru the G-8 Summit process to encourage Russia to adhere to commitments made at the 2006 G8 Summit to promote diversification, contract sanctity, and transparent relationships between suppliers and consumers (the St. Petersburg principles). G8 members will report on their progress implementing the Principles at the G8 Energy Ministerial in 2008. We also continue to emphasize with Russia that the use of energy for political ends is unacceptable, and encourage Russia to bring more of its oil and gas resources to markets within a free and competitive framework.

RUSSIAN COOPERATION ON IRAN SANCTIONS

Question:

Russian cooperation on putting additional pressure on Iran over its pursuit of nuclear weapons has been less than desired. What do you feel would bring the Russians to cooperate, if anything, on the efforts to place stronger UN sanctions against Iran?

Response:

The U.S. and Russia have a common concern over Iranian nuclear activities. Russia has worked closely with the U.S. through the P5 + 1 process, encouraging Iran to comply with its UN Security Council obligation to suspend all uranium enrichment-related and other proliferation sensitive nuclear activities and cooperate with the International Atomic Energy Agency to address questions about the scope, intent, and activities of its nuclear program. At times, the U.S. and Russia have disagreed about the best means of achieving our common goal, but this does not change our fundamental agreement on the objective of preventing Iran from acquiring a nuclear weapons capability. We will continue to work with Russia to urge Iran to comply with its international obligations.

RUSSIAN ARMS SALES TO IRAN AND SYRIA

Question:

Russia has been criticized for supplying weapons to state-sponsors of terrorism such as Iran and Syria. (In December, for example, it was reported that Russia is to supply Iran with new S-300 air missile systems, which are even more powerful than the Tor-M1 missiles Russia supplied to Iran earlier.) Has the State Department investigated Russia's ongoing military sales to Syria for possible violations of U.S. law? Please comment on the steps that are currently being taken by the U.S. government in working with Russia to prevent these sales to such rogue regimes.

Response:

Though Russia has denied it is considering delivering the S-300 surface-to-air missile system to Iran at this time, we remain concerned that Iran is seeking such an advanced system. We are following the situation closely and continue to caution Russia against advanced weapons sales to states such as Iran and Syria.

We frequently communicate with the Russian Ministry of Foreign Affairs on Russian arms sales to Iran and Syria. We also regularly review all available information in assessing whether any potential sanctions are triggered by Russian arms sales, including pursuant to the Iran, North Korea, and Syria Nonproliferation Act (INKSNA) and the statute requiring sanctions for the transfer of lethal military equipment to U.S.-designated state sponsors of terrorism.

There are currently four Russian entities sanctioned pursuant to Iran Nonproliferation Act and subsequent versions of the law.

EUROPE—SERBIA

Question:

The recent re-election of Serbia's President Boris Tadic may well be a sign that the people of Serbia want to move in the direction of greater friendship and cooperation with the West. Can you discuss the current state of our bi-lateral relationship with Serbia and what efforts are being made—withstanding the current tension regarding the expected separation from Serbia by the region of Kosovo—to enhance our relationship with Serbia?

Response:

We want to have as good relations with Serbia and its people as its leaders will allow.

Because safety of our personnel is paramount, we have temporarily drawn down Embassy staff following the government's failure to protect diplomatic missions in Belgrade in late February.

We regret the actions Serbia has taken, such as calling back its Ambassador in Washington for a period of consultations as well as seeking to restrict high-level contacts with our Belgrade Embassy.

Specifically, following our recognition of Kosovo's independence on February 18, the Government of Serbia sought to restrict high-level contact with our Embassy in Belgrade. Serbia's Ambassador to the United States has been called back for an indeterminate period of consultations. The Serbian Government has done the same with the other countries that have recognized Kosovo. Many contacts continue in Belgrade, Washington and elsewhere, at working and other levels. Serbia's decision

mostly affects protocol but in practical terms we have found information and communication continues to flow.

For our part, however, we remain as engaged as possible with Serbian society across the board, including many officials. We also plan to maintain our exchanges, technical assistance, military cooperation, public outreach, etc. and continue to facilitate commercial ties. Despite these events and our disagreement over Kosovo's status, our policy toward Serbia remains the same. We want to see Serbia fully integrated into Euro-Atlantic institutions. We are prepared to resume cooperation on a wide range of issues and are ready to share a positive vision of future friendship and partnership. We are ready to expand our security cooperation efforts as well as explore ways to increase levels of U.S. private investment in Serbia. We will continue to work with the Serbian Government and our Allies in Europe to encourage Serbia to undertake the reforms necessary for Serbia to continue on a path toward integration with Euro-Atlantic institutions. We hope that President Tadic and other like-minded leaders can finally break with the past, defeat the nihilistic, radical nationalism that has only brought shame and sorrow to Serbia over the past two decades, and lead Serbia into Europe, peace and prosperity. This, we believe, is what the vast majority of the Serbian people want.

DE-MINING IN THE BALKANS REGION

Question:

As you know, since its inception in 1998, the International Trust Fund for De-Mining has been very successful in ridding the Balkans of mines and other explosives that have killed or injured many innocent victims, including children. In Fiscal Year 2008, the President's budget included \$10 million for de-mining in the Balkans and \$12.8 million was eventually appropriated by Congress. However, for Fiscal Year 2009, the President's budget has not broken out any funding for de-mining activity, even though funding for conventional weapons destruction, which could possibly include de-mining activity, would be increased by 5% over last year's level in the President's budget. Do you think that U.S. assistance in completing the de-mining project in the Balkans is still an important priority for the State Department? How much does the Administration intend to spend on this successful program in the coming fiscal year?

Response:

For Fiscal Year 2009, the Department will continue to provide funds for de-mining in the Balkans through the International Trust Fund (ITF), with a proposed \$9 million in the budget for conventional weapons destruction. This is a \$1 million decrease from previous years, reflecting the declining needs within the region—in part because of the ITF's success. In 2009, major mine clearance will have been completed in all countries in the region other than Bosnia and Croatia and casualties reduced from hundreds per year to dozens.

Funding for the ITF is shown in the ITF line of the Conventional Weapons Destruction sub-account line of the Nonproliferation, Anti-Terrorism, Demining, and Related Programs submission and the Department is committed to full transparency on all funds requested for the ITF.

UNITED NATIONS—UN REGULAR BUDGET

Question:

Secretary Rice, the United States currently funds 22% of the UN Regular budget, and the State Department has requested \$452.5 million for this purpose in FY2009, a \$43 million decrease from last year's level. Will that be sufficient to satisfy actual assessments in the coming year, or will the Administration be seeking additional supplemental funding for this purpose?

Response:

At this time, the requested \$452.5 million would satisfy our actual assessed requirements for the UN regular budget.

Question:

Dr. Rice, for the first time in recent memory the United States voted against the proposed UN Regular Budget. Can you please discuss the reasons for this vote, and were they taken into account in setting the Fiscal Year 2009 budget request numbers for the United Nations? Should the UN's questionable programs and practices continue, will the United States reconsider its UN contributions more broadly?

Response:

We voted against the budget because of the ad-hoc, piecemeal approach to the UN budget process, which did not accurately reflect the true magnitude of the 2008–09 UN budget, and the strong possibility that the UN regular budget could be used in the course of the biennium to finance the costs of another discredited UN conference on racism, or “Durban II.” In the event the UN’s questionable programs and practices were to continue, the United States would reconsider its UN contributions on a case-by-case basis and make a determination accordingly.

MISMANAGEMENT, CORRUPTION, LACK OF RESPONSIBILITY

Question:

The head of the UN Office of Internal Oversight Services recently stated that her investigative team had “found mismanagement and fraud and corruption to an extent we didn’t really expect.” UNIFIL has also been accused of leaking sensitive information to Hezbollah, the UN High Commissioner for Human Rights endorsed an Arab League Charter that calls for the elimination of Zionism, and a Senate investigation confirmed fears that the North Korean regime may have used UNDP money on its weapons program. Given the irresponsibility and lack of transparency or accountability at the UN, how can we justify the amount of money we’re sending the UN? Would you agree that a reassessment of U.S. contributions to the UN is long overdue? Do you agree that the United States needs to better regulate the billions of dollars we to provide to the UN system?

Response:

We share your concern about these allegations of fraud, corruption, and mismanagement at the United Nations. The United States has long been a driving force behind efforts to strengthen oversight, accountability, and transparency within the UN system. In 2004, the United States led the effort to release OIOS audits to UN members upon request—a reform that has made it possible to have greater insight into the management of UN resources. In 2005, we fought for the creation of an independent UN Ethics Office and a strengthened financial disclosure program administered by the Ethics Office. The United States was also a leading advocate of the creation of the Independent Audit Advisory Committee to advise Member States on oversight issues and help ensure OIOS’ operational independence from the UN Secretariat.

We believe more can be done, and the Administration has been actively engaged in addressing serious systemic weaknesses. In 2007, the Department launched a series of initiatives to increase transparency and accountability throughout the UN system, which we call the UN Transparency and Accountability Initiative (UNTAI). These initiatives draw upon existing practices of the UN Secretariat and seek to apply them to the Funds and Programs and Specialized Agencies so that all UN entities are held to the same standards.

We believe that, with reform, the United Nations will remain an effective partner in addressing issues of peace and security, human rights and democracy, and economic development. Through our funding to the United Nations, we are able to share financial responsibility with other UN Member States for economic, social, and cultural activities, as well as peacekeeping and peacebuilding, rather than having to fund these efforts by ourselves.

NONPROLIFERATION—INDIA

Question:

If the Nuclear Suppliers Group changes its rules to create an exception for nuclear trade with India that has few or no conditions attached to it—the so-called “clean” decision that India is demanding—the conditions on U.S.-India nuclear cooperation contained in the Hyde Act would place U.S. companies at a considerable disadvantage compared to Russian and French companies, as well as those of all other countries. The only way to ensure that U.S. companies compete on a level playing field is to ensure that the NSG decision regarding India includes provisions that parallel those in the Hyde Act so that all countries will follow the same rules.

- *Will the U.S. insist that the NSG decision regarding India contain provisions comparable to those in the Hyde Act, or do we intend to support a so-called “clean” decision that will have the effect of penalizing U.S. companies vis-à-vis their competitors in other countries?*

Response:

Our consistent position has been that, as long as the IAEA Board-approved safeguards agreement with India satisfies the requirements of U.S. law, we will support a “clean” decision from the NSG. We do not believe that a clean NSG decision will place U.S. companies at a disadvantage and are working with the Government of India to ensure such is the case. We believe that a clean NSG decision will provide U.S. industry an opportunity to enter the lucrative and growing Indian market for civil nuclear facilities and materials—something they are currently prohibited from doing.

Meeting India’s ramp-up in demand for civil nuclear reactors, technology, fuel, and support services holds the promise of opening new business opportunities and new markets for the United States. Participation in India’s civil nuclear energy market will help make the American nuclear power industry globally competitive, thereby benefiting our own domestic nuclear power sector.

Question:

The Indian press has reported that senior Indian officials, as well as IAEA Secretary General Mohammed El Baradei, have attempted to overcome the objections of left-wing opponents in India to the U.S.-India agreement by outlining a scenario in which India would negotiate agreements with the IAEA and the NSG and then halt further action on the accord with the U.S. The result would be the removal of restrictions on India’s nuclear trade with every country except for the U.S. Russian and French companies would be free to sell equipment and materials to India, but U.S. companies could not. Can you tell us how this outcome will be avoided?

Response:

The U.S.-India Civil Nuclear Cooperation Initiative is premised, among other things, on the Government of India’s commitment to bring an IAEA safeguards agreement for approval to the IAEA Board of Governors. We look forward to the Government of India taking this step. This step would precede action in the Nuclear Suppliers Group. We have worked hard with the Indian government to conclude the U.S.-India 123 agreement and look forward to working closely with the Congress to complete it soon.

NUCLEAR PROGRAMS IN THE MIDDLE EAST

Question:

Given that the President has repeatedly emphasized the need for vigorous action to prevent the spread of capabilities to manufacture nuclear weapons, including for so-called “dirty bombs” that do not require weapons-grade nuclear material, why is the U.S. encouraging the expansion of nuclear programs throughout the Middle East, including in countries that are not politically stable and those such as Algeria that have been suspected of pursuing clandestine programs? Is the U.S. conditioning its cooperation on these countries signing and implementing an Additional Protocol to their safeguards agreements, among other measures? What additional measures are being contemplated to deal with the enhanced proliferation risk?

Response:

As the President, Secretary Bodman, and I have stated on several occasions, we believe that civil nuclear power will be an increasingly important energy source throughout the world as states strive to meet growing energy needs. States in the Middle East are no exception. States that are parties to the NPT in good standing should have access to civil nuclear power. In light of the Presidential priorities you cite, we are engaging these states to support their nuclear development consistent with the highest standards of safety, security and nonproliferation.

This approach was emphasized in the Joint Declaration on Nuclear Energy and Nonproliferation, issued by Presidents Bush and Putin on July 3, 2007, after their meeting in Kennebunkport, Maine. It envisages a new format of enhanced nuclear cooperation whereby the United States and Russia would provide, to states considering the development or expansion of nuclear energy, a broad array of assistance measures as an incentive to pursue the benefits of nuclear energy without acquisition of sensitive nuclear fuel cycle technologies.

We are also mindful of the positive model responsible nuclear programs in the region would provide in contrast to Iran’s nuclear endeavors. U.S. support to such programs helps belie Iran’s claim that “the West” opposes even peaceful nuclear development in Muslim states.

In order to help ensure that nascent regional programs are pursued in a responsible manner, we are encouraging all states interested in pursuing nuclear power to sign onto all relevant treaties, conventions and agreements, including the Addi-

tional Protocol. We are pressing active participation in the Global Initiative to Combat Nuclear Terrorism and the Proliferation Security Initiative. Finally, we are also encouraging membership in the Global Nuclear Energy Partnership (GNEP) as part of the Advanced Energy Initiative announced by President Bush in 2006. GNEP members are working with countries considering the development of nuclear energy to assist them in meeting the highest international standards of nuclear safety, security and nonproliferation.

Question:

The plans for an expansion of nuclear programs in the Middle East and elsewhere will place a great strain on the resources of the International Atomic Energy Agency that are used to ensure that nuclear-related materials, technology, and facilities are not being diverted to military uses. The FY 09 Budget Request does not indicate a corresponding increase in the U.S. contribution to the IAEA to enable the Agency to ensure that it is in a position to adequately inspect the expanding number of countries with nuclear facilities. Has the U.S. developed a long-term plan to address the problem of an increased proliferation risk, and is a significant increase in our IAEA contribution envisioned? If so, will the U.S. place conditions an increase in these funds?

Response:

The impact of plans to expand nuclear programs in the Middle East will not really impact the volume of the IAEA's safeguards activities until the facilities are supplied with nuclear material. For developing states without existing nuclear programs, this process will take many years. Although there is ongoing nuclear facility construction around the world (for example, in Japan and South Korea) that will result in new safeguards activities in the near term, the safeguards impact of the "nuclear renaissance" is at least a decade away. The U.S. and other Member States have adopted a 2008–2009 Program and Budget for the Agency, which our FY2009 budget request for the IAEA supports. Moreover, the light-water power reactors using low-enriched uranium fuel that are expected to comprise the bulk of this new nuclear activity are relatively easy to safeguard, especially in the first years of operation, when no spent fuel movement out of the reactor takes place.

In the longer term, the IAEA will face growth in the size and complexity of the fuel cycle—including an expanded world nuclear industry—which will need to be addressed. The United States intends to ensure that IAEA safeguards remain credible and strong. We continue to support the work of the IAEA and are a vocal proponent of effective safeguards. In 2003 we championed, and achieved, an increase in the IAEA's regular (assessed) budget, targeted at safeguards. We also make the largest voluntary contribution to the IAEA.

DEFENSE TRADE CONTROLS

Question:

Last month, the President issued an Export Control Directive, a package of reforms aimed at improving the licensing of defense items and services. The GAO has been critical of the State Department's Directorate of Defense Trade Controls (DDTC), noting rising backlogs and poor management. Most believe that DDTC needs more licensing officers and the Directive notes that additional financial resources will be made available for the timely adjudication of defense trade licenses. Does this budget request reflect that decision to provide DDTC with more resources? Will more licensing officers be hired? And what are your general thoughts about the defense trade licensing process?

Response:

The Administration takes the issue of export controls very seriously, as evidenced by the recently signed Presidential Directive. As a result, the Department is tasked to provide the Office of Management and Budget with a plan outlining the resources required to carry out all tasks assigned under the directive. Initial review indicates additional personnel will be required to fully execute the range of responsibilities in DDTC's Policy and Compliance Offices as well as within the Licensing Office. During development of the plan, we will fully assess how the registration fees collected can be utilized to self-finance DDTC's operations, but we envision an increase in these fees may be required to ensure these operations have sufficient resources.

With respect to the defense trade licensing process itself, DDTC has made significant progress in examining and improving the business processes as well as taking steps to further modernize the electronic case management system by introducing management oversight tools. The GAO report accurately highlighted that DDTC

needs to implement changes to its processes in addition to continuing to automate the defense trade licensing function.

There is a new management team on board dedicated to ensuring we meet licensing deadlines imposed under the directive in a consistent and qualitative manner. We have job announcements out to fill the currently vacant Licensing Officer billets and will reevaluate the need to increase the number of Licensing Officers required after the impact of changing the business rules, increasing training, and introducing DTrade II have been assessed. Long-standing licensing policies are under review and many, such as how we license dual and third-country nationals, have already been updated and implemented. We are also working with the Interagency to issue revised guidance on the commodity jurisdiction process and to publish new regulations on the control of FAA certified parts and components. We will also be conferring with Congress on how to improve the Congressional Notification process so the interaction is timely, predictable, and transparent. The Defense Trade Treaties with the United Kingdom and Australia will significantly contribute to the modernization efforts within DDTC.

WRITTEN RESPONSE FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTION SUBMITTED FOR THE RECORD BY THE HONORABLE DIANE E. WATSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Question:

Madam Secretary, you may recall that when you came before this committee two years ago to testify on the FY07 International Affairs Budget Request, I had asked you a question regarding the status of the Republic of Korea's efforts to join the Visa Waiver Program (VWP). As I noted then and wish to reiterate now, my district represents the single largest congressional constituency of Korean Americans and this issue is deeply important to them. Ambassador Christopher Hill and you have also stated on numerous occasions that visa waiver status for South Korea is a priority of this administration and that it would contribute to the strengthening of our bilateral alliance. It is my understanding that with the passage of H.R.1 by this Democratic Congress last year and the Visa Waiver Program expansion provisions contained therein, that the Republic of Korea stands to become one of the first nations to be fully admitted into the program since 9/11. I have recently read reports that the U.S. and South Korea are currently engaged in security consultations with respect to the VWP and that it may be possible for the Republic of Korea to join the program by later this year. Madam Secretary, can you confirm the progress of these consultations that include your department and can you provide an assessment of when you expect South Korea to become visa-free with the United States?

Response:

The Republic of Korea is a Visa Waiver Program (VWP) aspirant country with an FY 2007 B1/B2 refusal rate of 4.4 percent. As you know, Congress amended Section 217 of the Immigration and Nationality Act to include new security requirements for VWP countries. The intent is to determine who may travel under the VWP through an assessment of the risk posed both by a traveler's country of citizenship and by any known threats the individual presents. This policy recognizes growing challenges from radicalization and migration. Requirements of governments and/or their citizens fall into four main categories: participation of VWP nationals in an on-line Electronic Travel Authorization (ETA) system, more timely and effective reporting of lost and stolen passport information, passenger information exchange, and repatriation of a country's nationals who are ordered deported from the United States.

The law also lists provisions that will be taken into consideration: airport security, air marshals, travel document standards, and general security cooperation. Although these are termed discretionary security-related considerations in the VWP law, they are instrumental to minimizing the vulnerabilities inherent in visa-free travel and the Department of Homeland Security (DHS) has indicated they will be taken into account when assessing aspirant countries and in the biennial reviews of existing VWP members.

DHS, in consultation with the Department of State, has the lead on the Visa Waiver Program. Since the law passed, DHS and State have met and continue to meet with current and aspirant VWP countries to explain what the enhanced security measures entail. This outreach effort involves both high-level consultation and working-level conversations. For instance, the U.S. Embassy in Seoul and the ROK

use regular consular working group meetings to help identify target goals for meeting the new security requirements for the VWP.

To put these provisions in place, the USG will seek to negotiate memoranda of understanding (MOUs) with all VWP governments, both existing and prospective. Negotiations on the MOU commenced with the Republic of Korea in November 2007. The ROK will have to find a way within the framework of their current laws or make significant legislative changes to balance the needs of information sharing with requirements for protection of data privacy.

The Republic of Korea is working hard to meet the new security requirements. The ROK shares lost and stolen passport data with the USG and is willing to participate in an Air Marshal Program. There is strong law enforcement cooperation between both the USG and ROK law enforcement communities. The ROK participates in the Australian ETA program and would be willing to participate in the USG one. There are no reports of the ROK refusing to take back their deportees. One of our main concerns is the timely production of a South Korean electronic passport, which is another component of our new VWP-related regulations. The ROK has had some difficulties with their timeline for production, but recently passed legislation that will facilitate production of an e-passport and has announced an aggressive plan to begin producing e-passports for diplomats, officials, and air crew in March of 2008 and regular passport holders in August 2008. The ROK government shares lost and stolen passport information bilaterally with the USG.

The law allows for the waiver of the three percent B1/B2 worldwide NIV refusal rate if a country meets these new security requirements and has a refusal rate that is under ten percent in the previous fiscal year. This waiver can only be exercised once DHS has certified to Congress that an ETA has been implemented, and that an air exit system is in place that can verify the departure of not less than 97 percent of foreign nationals who exit through airports of the United States. While DHS is seeking to initiate ETA operations as quickly as possible, the USG has not yet reached a final decision on the rollout schedule for the ETA program. DHS also has stated it hopes to make the air exit certification this year.

The 9/11 Act also imposes a deadline of July 1, 2009, for establishing a biometric exit system. Failure to establish biometric exit by July 2009 will suspend authority to waive the three percent visa refusal required for VWP participation that is potentially available to countries, such as the ROK, with refusal rates below 10 percent.

Once DHS has certified that ETA and the air exit system are in place, the State Department will nominate VWP aspirant countries who have met the statutory qualifications for VWP membership and who would benefit from the waiver of the three percent refusal rate. We expect that the ROK would be one of those countries. Once a country is nominated, a DHS-led team conducts an onsite security assessment and this, with input from the interagency community in Washington, would result in a decision about VWP membership. At this juncture, we cannot provide a timeline for this process as it is dependent on DHS implementation of ETA and departure verification system.

WRITTEN RESPONSES FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE THOMAS G. TANCREDO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Question:

In his State of the Union Address last month, President Bush said "Our foreign policy is based on a clear premise: We trust that people, when given the chance, will choose a future of freedom and peace." In his second inaugural address, he told people around the world, "When you stand for your liberty, we will stand with you."

I agree with those sentiments—although I am beginning to think that perhaps President Bush should have added a caveat when he made these statements: "Offer not available in Taiwan."

The United States supported an independence movement in East Timor, and currently supports Kosovo's right to self-determination. We have done so despite objections from Indonesia and Serbia, countries that effectively controlled these areas.

The People's Republic of China, on the other hand, has never exercised control over Taiwan.

Unlike the people in East Timor or Kosovo in the lead up to their independence, Taiwan already controls its own territory, dictates its own foreign policy, maintains its own armed forces, and elects its own leaders. Taiwan has a larger population than Australia, and boasts one of the largest most dynamic economies in the world.

Clearly our current policy is not reducing tensions in the region as China has engaged in a missile buildup aimed at Taiwan.

So why not abandon our outdated and self-contradictory "One China" policy and establish diplomatic ties with both Taiwan and China?

Dual recognition of communist China and democratic Taiwan would not only remedy an embarrassing inconsistency in US foreign policy, it might also open the door for an even-handed dialogue and provide an opportunity for the two sides to resolve their differences peacefully (like East and West Germany).

Response:

The United States's one-China policy, based on the three U.S.-PRC joint communiqués and the Taiwan Relations Act, has been followed by administrations of both parties for nearly three decades. We firmly believe that it is in our national interest to continue that policy.

Under our policy, the United States recognized the People's Republic of China on January 1, 1979, as the sole legal government of China and acknowledged the Chinese position that Taiwan is a part of China. At the same time, pursuant to the Taiwan Relations Act, the United States maintains unofficial relations with the people of Taiwan.

The United States supports peaceful resolution of cross-Strait differences through dialogue and in a manner acceptable to people on both sides of the Strait. The United States does not support Taiwan independence and opposes unilateral steps by either side to change the status quo. We are opposed to the threat or use of force by either side to attempt to resolve such differences. Resuming the dialogue between the two sides is an important first step toward peaceful resolution of those differences.

Our one-China policy has helped to bring about security and stability in the Asia-Pacific region and indeed the world. In addition to contributing to regional peace in the Pacific, our policy has helped facilitate Taiwan's economic growth, prosperity, democratic development and security; promoted exchanges across the Strait; allowed us to develop productive, cooperative relations with the PRC; and encouraged the PRC's responsible involvement in the global community.

Our ultimate goal remains to create conditions favorable for peaceful resolution of cross-Strait differences. So long as the security environment remains stable, there is opportunity for dialogue and hope for long-term reconciliation.

Question:

As you know, dozens of nations around the world routinely refuse to accept their own nationals when the United States attempts to repatriate them to their country of origin.

The Wall Street Journal recently reported that China is refusing to take back some 40,000 of its nationals whom the United States is attempting to deport. And this problem extends far beyond China.

The list of non-cooperating nations includes states in Central Asia, the Caribbean, Africa, the Middle East and Central America. Their reasons for refusal range from disagreements over U.S. asylum policy, to concerns about allowing criminals back into their communities.

Whatever their stated reasons, the result is the same: America is forced to allow dangerous illegal aliens to remain in the U.S. indefinitely.

As I have pointed out to you before, federal law requires you to retaliate against nations like China who engage in this behavior by discontinuing the issuance of immigrant and non-immigrant visas to Chinese nationals.

8 U.S.C. 1253 reads: Upon being notified by the Attorney General that the government of a foreign country denies or unreasonably delays accepting an alien who is a citizen of that country after the Attorney General asks whether the government will accept the alien, the Secretary of State **shall** order consular officers in that foreign country to discontinue granting immigrant visas or nonimmigrant visas, or both, to citizens of that country until the Attorney General notifies the Secretary that the country has accepted the alien.

The issuance of these visas is vital to many foreign economies because of the importance of remittances. The hardship that suspending the issuance of visas would cause the economies of these offending countries would likely prompt these nations to reconsider these wrong-headed "non-cooperation" policies (which is why Congress passed this law in the first place).

So my question is, when are you going to start enforcing the law?

Response:

The Department of State believes that the application of sanctions under section 243(d) of the Immigration and Nationality Act, regarding countries that fail to ac-

cept or unreasonably delay the acceptance of nationals ordered removed from the United States, is a beneficial tool under the correct circumstances and has applied sanctions in the past. However we believe that it is in the best of interest of the United States, both domestically and internationally, to attempt to resolve issues of a foreign nation's failure to accept or unreasonable delaying acceptance of their nationals ordered removed from the United States through reasoned and careful diplomatic communications between the Department of State, the Department of Homeland Security and the foreign government. We believe that sanctions should be implemented only after careful consideration by both the Department of State and the Department of Homeland Security of all the diplomatic, social and financial considerations involved. Diplomatically, the imposition of visa sanctions can seriously damage relations between the United States and the target foreign nation, potentially resulting in the breakdown of efforts to resolve not only repatriation but other important issues. The imposition of sanctions could potentially result in the imposition of similar sanctions against U.S. citizens traveling to the targeted country. Sanctions also have the potential to severely and negatively impact innocent foreign citizens, such as tourists, students and cultural exchange visitors, citizens with little or no influence on the decision-makers within their government. Additionally, consideration must be given to the financial impact on the United States when imposing sanctions. Immigrants and nonimmigrants contribute significantly to the U.S. economy and work force. Imposition of sanctions could negatively impact this contribution.

The Department of State has successfully implemented sanctions under INA 243(d) [8 U.S.C. 1253(d)] in the past, most recently in 2001 against Guyana. Sanctions have also been imposed at various times against the former Soviet Union, Hungary, Czechoslovakia and Cuba. In the case of China, we continue to exert diplomatic pressure on the government while working with DHS on the possible imposition of sanctions.

WRITTEN RESPONSE FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTION SUBMITTED FOR THE RECORD BY THE HONORABLE RUBEN HINOJOSA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Madam Secretary, thank you for coming today. As you know, the International Boundary and Water Commission is responsible for the construction, repair and maintenance of over 2,000 miles of levees along the U.S.-Mexico border. Yet a recent report submitted by the IBWC found that most of these levees were either too low or too weak to protect the communities living behind them because of chronic funding shortfalls. The IBWC needs \$100 million to repair all the levees. \$50 million would allow the worst levees in the most populous areas to be repaired, yet the President's budget provides only nominal funding to the IBWC for this purpose.

The Rio Grande Valley in Texas is home to over 1 million people who are living behind inadequate IBWC levees. A severe rain event, not even a hurricane, could cause another horrible situation like Hurricane Katrina in New Orleans. Hidalgo County, the most populous in the Valley with a population of 700,000, has creatively proposed a partnership between the County, the Department of Homeland Security, and the IBWC. The county's plan, which already has the enthusiastic support of DHS Secretary Chertoff and the U.S. Border Patrol, would merge the levees and the border fence into a single federal project—at a cost of \$5 million per mile and a savings to the federal government of \$76 million for construction and millions more for the upkeep of one federal project instead of two.

Hidalgo County, which according to the U.S. Census is one of the poorest urban counties in the country, recently passed a bond issue to pay for the construction of the hybrid wall-levee project. DHS has agreed to reimburse the county for \$3 million per mile, the cost they have allocated toward building the border wall. IBWC Commissioner Carlos Marin, however, has resisted efforts to draft legislation to allow the IBWC to provide reimbursement to the County for the remaining \$2 million per mile. Should the IBWC not agree to this proposal, the IBWC would have to eventually pay over \$5 million per mile for construction and my constituents are going to have to pay higher local property taxes and flood insurance premiums because the federal government is not living up to its responsibility to maintain these levees.

Question:

Will you be willing to join Secretary Chertoff in expeditiously supporting this project which helps our country gain operational control of its border while protecting South Texas from devastating floods, all at a cost-savings to the government? If not,

then how does the Administration intend to maintain the levee system along our southern border in the absence of necessary appropriations?

Response:

Efforts by the Department of Homeland Security (DHS) to combine its tactical infrastructure requirements with the need to rehabilitate levees along the Rio Grande in the Lower Rio Grande Valley could benefit the citizens and property in South Texas by enhancing flood control protection. The Department supports construction of such a combined structure in areas where it is feasible and cost effective to do so, provided that this project is consistent with existing treaties and other international agreements with Mexico. These levees, which are owned and operated by the U.S. Section of the International Boundary and Water Commission (USIBWC), were built as part of a bi-national project with Mexico under a coordinated plan that was designed to protect the citizens of both countries. In order to better inform our position, we have asked the USIBWC to provide us with a report assessing potential consequences, including impacts on Mexico, in light of relevant provisions of the 1970 U.S.-Mexico Boundary Treaty and other international agreements with Mexico.

With respect to appropriations, the Administration has supported funding requests for the USIBWC to allow it to address deficiencies in its 500+ miles of levees along the Rio Grande through a multi-year program beginning in 2001. The USIBWC has had over \$20 million appropriated to date for this purpose, including \$10 million in FY 2008 and the President's FY 2009 budget seeks an additional \$13 million in funding for USIBWC's levee rehabilitation efforts. We anticipate that the Administration will continue to support direct appropriations to the USIBWC for this effort consistent with the established budget process. We appreciate efforts by the Congress to provide legislation to facilitate partnerships between the USIBWC and local communities. However, there are also challenges in forming such partnerships, since the USIBWC cannot commit to a future reimbursement before first having the funds appropriated for that purpose.

WRITTEN RESPONSES FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE MIKE PENCE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Question:

Why then has the U.S. Government not supported the resettlement of Palestinian refugees by gradually shifting funds from UNRWA to the UNHCR?

Response:

Israel and the Palestinians have agreed that the issue of Palestinian refugees is a core issue to be resolved between them in the context of permanent status negotiations. In light of this, the United States will support both parties by refraining from taking any action that prejudices, or can be interpreted by the parties as prejudging, the outcome of their bilateral negotiations on this issue.

The United States also supports the respective mandates of UNHCR and UNRWA. A 1949 UN General Assembly resolution established UNRWA to carry out, in collaboration with local governments, direct relief and works programs for Palestinian refugees in the Near East. UNHCR, created by the UN General Assembly in 1951, has a broad mandate to protect and assist refugee populations that *do not already receive* protection or assistance from other UN organs or agencies. UNHCR's mandate does not, therefore, include Palestinian refugees registered with UNRWA.

Today, UNRWA provides critical health, education, and relief assistance to over 4.4 million Palestinian refugees in five fields of operation—Jordan, Lebanon, Syria, Gaza and the West Bank. The international community, including Israel, has underscored its appreciation for UNRWA's role in the region, both for its provision of services and assistance and as a counterweight to radicalism and terrorism. In places such as Gaza and Lebanon, UNRWA provides assistance and services to address needs that otherwise would not be met or, more likely, would be met by Hamas or other radical organizations. Continued support for UNRWA is critical for meeting the humanitarian needs of Palestinian refugees and serves as a tangible expression of the U.S. government's commitment to the Palestinian people.

Question:

Why does the U.S. continue to provide humanitarian funds to Palestinians in Gaza, in effect freeing up Hamas funds for the purchase of weapons used against Israel and American interests in the Middle East?

Response:

The United States provides humanitarian assistance to Palestinians in Gaza through ongoing programs administered by the United States Agency for International Development (USAID) and our annual contribution to the United Nations Works and Relief Agency (UNRWA). Such contributions ensure that that Palestinians do not need to rely on Hamas for their basic needs and thereby strengthen our counter-terrorism efforts.

U.S. humanitarian support sends a strong signal to the Palestinian people that the U.S. will not abandon the people of the Gaza.

Question:

Does the Administration have a plan to reduce the number of Palestinian refugees currently languishing in the 51 UNRWA camps?

Response:

The fate of Palestinian refugees is among the most sensitive of the core issues that must be addressed in any permanent status agreement between Israel and the Palestinians. Our longstanding policy is that the refugee question must be resolved through negotiations between the parties. Israel and the Palestinians have also endorsed this position. In order to make progress on this issue and others, we are actively working to support the negotiating process launched at the Annapolis Conference with the objective of achieving an Israeli-Palestinian agreement before the end of this year.

Question:

Together, the Arab states provide only a small fraction of the assistance going to the Palestinian refugees. At a time of record high oil prices and a struggling U.S. economy, why is it the job of the U.S. taxpayer to permanently care for the Palestinian refugees when their own Arab brothers could finance their resettlement with a fraction of their oil income and choose not to?

Response:

The United States works with other governments and international organizations to support the humanitarian needs of Palestinians, just as we do regarding refugees and internally displaced persons in other contexts. As such, the U.S. is committed to contributing substantially to UNRWA's annual general fund and emergency appeal budgets. The United States also is committed to the principle of burden-sharing and works actively with other donors and UNRWA to expand the Agency's donor base. Other major donors to UNRWA include the European Commission, the United Kingdom, Norway, the Netherlands, Canada, Switzerland, and Japan. As you correctly point out, countries in the region need to do more. Although a few Gulf countries provide small annual contributions to support UNRWA's General Fund, these countries tend to fund visible infrastructure as opposed to contributing multilaterally. In recognition that the Gulf countries should do much more to support Palestinian refugees, UNRWA last year hired a development specialist who focuses 100% of his time on fundraising in the Arab world. Three Gulf countries—Saudi Arabia, Bahrain, and Qatar—significantly increased their contributions to UNRWA's appeals last year. Both Saudi Arabia and UAE contributed generously to support humanitarian assistance activities for Palestinian refugees displaced from Lebanon's Nahr Al Bared camp. These countries could and should do much more to support Palestinian refugees. The United States will continue to urge donors, including Gulf States, to contribute their fair share to UNRWA's core budget and emergency appeals.

Question:

What Arab states are today prepared to allow Palestinian refugees now residing in UNRWA camps to settle within their borders?

Response:

Countries in the region have not been willing to offer permanent resettlement for Palestinians, and Israel and the Palestinians have themselves agreed that the issue of Palestinian refugees would be resolved in the context of final status negotiations between Israel and the Palestinians.

Question:

What is the Administration's policy on which Arab countries should accept Palestinian refugees? Since the Kingdom of Jordan is approximately 73 percent of historic Palestine, would it not be appropriate that many of the Palestinian refugees should be settled in Jordan?

Response:

The issue of Palestinian refugees, including possible resettlement in third countries, is among the most sensitive permanent status issues and must be resolved through negotiations between the parties. Any resettlement in third countries, including Jordan, would also require the agreement of the state in question. As the parties work to advance their bilateral negotiations, it would be inappropriate for the United States to comment on this delicate issue. Ultimately, as President Bush said at Annapolis, we strive for a negotiated two state solution with "Palestine as a Palestinian homeland, just as Israel is a homeland for the Jewish people."

Question:

How many Palestinian refugees is Jordan prepared to accept over the next five years?

Response:

Our focus is on supporting the parties' efforts to work towards an Israeli-Palestinian agreement before the end of this year. The issue of Palestinian refugees, including possible resettlement in third countries, is among the most sensitive permanent status issues and must be resolved through negotiations between the parties. As the parties work to advance their bilateral negotiations on all of the core issues, it would be inappropriate for the United States to hold discussions with Jordan or any other state on the resettlement of refugees. Ultimately, any resettlement in third countries would also require the agreement of the state in question.

WRITTEN RESPONSES FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE BRAD SHERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Question:

For Fiscal Year 2008, the Bush Administration requested \$35 million in assistance for Armenia, and Congress ultimately provided for approximately \$58 million. For FY2009, the Administration request for Armenia is down to \$24 million, far below both the requested and actual level provided in 2008. How do you justify these large cuts in assistance to Armenia, especially while providing and increase to Azerbaijan?

Response:

U.S. assistance to Armenia supports democratic and social reforms to enhance regional political stability and promotes resolution of the Nagorno-Karabakh conflict with Azerbaijan and improvement of relations with Turkey to enhance regional trade and create a better investment environment. Excluding funding for Armenia as part of its Millennium Challenge Corporation (MCC) Compact, the Administration's FY 2009 assistance request for Armenia totals \$27.9 million, a decrease of 28 percent from last year's request and a decrease of 55 percent from FY 2008 enacted levels.

While funding for the Eurasia region as a whole has declined sharply over the last several fiscal years, reductions in assistance to Armenia have not kept pace. The reduced request for FY 2009 does not detract from the critical importance of Armenia to U.S. interests nor does it signal a change in U.S. policy. Rather, the request level meets the country's development needs and is appropriate within the context of assistance priorities within the region and around the globe. Armenia has made real progress on reversing rural poverty, but struggles with rampant corruption and with weak democratic institutions, as illustrated by recent events. U.S. assistance therefore remains focused on helping Armenia move further along the path of democratic reform, improving transparency in government, and combating corruption, which negatively affects Armenia's economic growth.

While the FY 2009 request reflects what the Administration thinks will be needed that fiscal year, we remain concerned about aspects of the February 2008 Presidential election in Armenia and the subsequent state of emergency imposed by the Kocharian Administration following the March 1 violence. These developments underscore the importance of our diplomatic and assistance efforts to promote democracy in Armenia. We are urging that the state of emergency be lifted and that all sides return to political dialogue. In order not to violate the terms of the state of emergency, many U.S. assistance programs have suspended their activities. We will continue to follow the situation closely. If the situation continues, we will be forced to review the feasibility of maintaining some of our current assistance programs.

At the FY 2009 request level, the level of combined State Department-USAID assistance for Armenia will remain higher than that for Azerbaijan. Excluding the funding Armenia receives as part of its \$235.65 million MCC Compact, the Administration's FY 2009 request for Armenia is \$3.2 million higher than the request for Azerbaijan (\$24.7 million). This FY 2009 request for Azerbaijan is a decrease of 8 percent from FY 2008 enacted levels. Within the FY 2009 request levels, the Foreign Military Financing account levels for Armenia and Azerbaijan are both \$3 million.

Question:

Given the staff shortages at the Directorate of Defense Trade Controls, and the recent presidential directives to increase resources for the licensing process, will you seek additional funds above the FY2009 requested amount for DDTC's operations?

Response:

The Administration takes the issue of export controls very seriously, as evidenced by the recently signed Presidential Directive. As a result, the Department is tasked to provide the Office of Management and Budget with a plan outlining the resources required to carry out all tasks assigned under the directive. Initial review indicates additional personnel will be required to fully execute the range of responsibilities in DDTC's Policy and Compliance Offices as well as within the Licensing Office. During development of the plan we will fully assess how the registration fees collected can be utilized to self-finance DDTC's operations, but we envision an increase in these fees may be required to ensure these operations have sufficient resources.

Question:

PL 107-228 states that it is policy of the State Department to process immigrant visas for fiancé and immediate relatives of Americans in 30 days, and 60 days for those who are non-immediate relatives of Americans, once the applicant is documentarily qualified. Is the State Department currently achieving those timeframes?

Response:

See Attached Letter.



United States Department of State

Washington, D.C. 20520

MAR 17 2008

Dear Mr. Sherman:

This is in response to a question you posed to Secretary of State Condoleezza Rice during the Committee on Foreign Affairs oversight hearing on February 13. On that day, you asked Secretary Rice whether the administration is achieving the objectives set forth in Public Law 107-228 regarding the processing of fiancé and immediate relative visas. We appreciate your patience in awaiting the Department's response.

Public Law 107-228 section 233 states that "It shall be the policy of the Department (of State) to process each visa application from an alien classified as an immediate relative or as a K-1 nonimmigrant (fiancé) within 30 days of the receipt of all necessary documents from the applicant and the Immigration and Naturalization Service (now U.S. Citizenship and Immigration Services). In the case where the petitioner is a relative other than an immediate relative, it should be the policy of the Department to process such an application within 60 days of the receipt of all necessary documents from the applicant and the Immigration and Naturalization Service (U.S. Citizenship and Immigration Services)."

When an immigrant petition is approved by U.S. Citizenship and Immigration Services (USCIS) and the beneficiary of the petition applies for the visa abroad, the case is forwarded to the Department of State's National Visa Center (NVC) in Portsmouth, N.H. where processing begins immediately. In the case of K-1 fiancé petitions, the file is assigned a case number, reviewed and entered into the Department's Immigrant Visa Information System (IVIS), and sent to the appropriate Embassy or Consulate abroad. These cases are usually sent abroad within five working days.

The processing of immediate relative visa cases also begins immediately upon receipt at the NVC. These cases, for the spouses, minor children, and parents of U.S. citizens, go through the same initial processing as fiancé cases. However, additional supporting documents, forms, and visa fees must be submitted by the petitioners before the cases can be sent abroad. The NVC contacts beneficiaries

The Honorable
Brad Sherman,
House of Representatives.

and the U.S. citizen petitioners via mail with processing instructions within days of receipt, in the order in which the cases are received. The length of time these cases remain at the NVC is dependent upon how quickly applicants and petitioners provide the required documents and fees and on which overseas post will be processing the visa. The Department assures you that these immediate relative cases are sent abroad and processed for visas as soon as they are ready for interview and an interview can be scheduled at a post abroad.

For cases where the petitioner is a relative other than an immediate relative, the NVC processes the cases following the same procedure. However, there are numerical limitations on visa availability established in the U.S. Immigration and Nationality Act in these immigrant visa categories, and most of these cases will not be eligible for visa processing for a significant period of time, usually a few years at a minimum. When there is no visa available, the NVC performs initial administrative processing when the file is received from USCIS and holds the case until a visa becomes available. Upon receipt of the case, the NVC contacts the petitioner and beneficiary via mail to inform them that the case has been received and that further processing will commence when the case is approaching visa availability.

Once a case is sent to an Embassy or Consulate abroad, in any of the above visa categories, the processing time can vary due to many factors, several of which are beyond the State Department's control. Some of the most common case-related issues that cause an application to be delayed are when applicants have difficulty acquiring the required personal and security related documents in that country, when multiple interviews or further investigations are required before an eligibility determination can be made, if the applicant is found ineligible to receive the visa and requires a Department of Homeland Security approved waiver, and when a mandatory Security Advisory Opinion is required. Other possible factors that can cause a delay include customs restrictions imposed by a foreign country which hinder the case's receipt at the Embassy, as well as a heavy case workload at the interviewing Post.

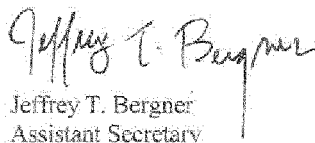
Each application must be processed in strict accordance with all relevant regulations. The Visa Office constantly monitors delays and works diligently with posts abroad, within staffing and budgetary restraints, to minimize or eliminate these issues.

We can report that the Department of State is achieving the objectives set forth in Public Law 107-228 section 233 by processing these visa cases within days

of receipt from USCIS. Due to the many different types of cases and the unique circumstances of each applicant, not all cases can be processed to completion within 30 or 60 days. You may be assured that the Department is making every effort to process all immigrant and fiancé visa cases in as short a time frame as possible, in accordance with all applicable regulations.

We hope this information is helpful in addressing your concerns. Please feel free to contact us further on this or any matter of concern to you.

Sincerely,


Jeffrey T. Bergner
Assistant Secretary
Legislative Affairs

Question:

The Iran Sanctions Act requires that the president impose sanctions on firms that he finds have made an investment of \$20 million in any 12 month period in Iran and that has significantly contributed to the enhancement of Iran's ability to develop petroleum resources. The law provides a waiver if the president determines that imposing sanctions is counter to the national security interest. No triggering investment has been found under the since 1998. I would like for you to direct the Economic Bureau to examine a list (provided for the record) of actual or pending investments in Iran to determine which, if any of these investments triggers the Act's waivable requirements for sanctions and other actions under Section 9 of the Act, and if not, why. This list includes projects identified by the Congressional Research Service in its report on the Iran Sanctions Act and the Government Accountability Office in a December 2007 report on Iran sanctions policy.

Response:

On March 3, 2008, the UN Security Council adopted a third sanctions resolution on Iran (resolution 1803), demonstrating global opposition to Iran's continued defiance of its international obligations. At this juncture, we are focusing our efforts on meeting the significant challenges that lie ahead in effectively mobilizing the broad international coalition we have forged to forestall new investments in Iran's energy sector.

I want to emphasize that we monitor very closely any reported investment in Iran's sector, and we review each case in light of the Act to ensure that we fully understand the nature of the alleged investment and the full set of facts. You can be assured that we take very seriously our obligations under ISA, and furthermore, that we fully share the goal of Congress to dissuade foreign investment in Iran's petroleum industry.

WRITTEN RESPONSE FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTION SUBMITTED FOR THE RECORD BY THE HONORABLE GUS BILIRAKIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Madame Secretary, thank you for testifying today and for your extraordinary service to our country.

My question is about Taiwan. I am very concerned that our long term interests in the Pacific, and the survival of democracy in Taiwan, are in jeopardy. We not only have acquiesced to Beijing's position that it has a right to ultimate sovereignty over Taiwan, but I am discouraged to see the State Department in lock step with

Beijing's rhetoric. A recent example is the State Department's strong and vocal objections to the pending referendum in Taiwan, describing it as provocative, which followed similar statements from Beijing.

Madame Secretary, Taiwan is a democracy. A referendum is democracy in action. Naturally, a totalitarian police state such as China would consider a referendum to be provocative. The U.S. State Department's concurrence with Beijing's xenophobic fears of a referendum in Taiwan is disconcerting to me and other members of the House Foreign Affairs Committee. But more importantly, your position is contrary to the desire of millions of people in Taiwan who, through a referendum, merely seek recognition by the community of nations.

I realize that the State Department is attempting to act in a manner consistent with our 'One China' policy. But this does not justify State Department assistance to Beijing in its efforts to isolate Taiwan; rather, it is symptomatic of the dire need for re-evaluation of the 'One China' policy. That policy has not prevented tensions in the Strait, and in fact has empowered those in China who seek to suppress democracy and freedom in Taiwan.

When leaders in Taiwan express the aspirations of some or all of its varied peoples, Beijing now fully expects the U.S. "to act in accordance with its One China policy" and oppose those leaders. Our 'One China' policy has allowed Beijing to maneuver the U.S. State Department into a box. If the State Department fails to oppose Taiwan aspirations for self rule and recognition, Beijing will accuse the U.S. of failing to live up to its "commitments." This is not where the U.S. wanted to be when the 'One China' policy was created decades ago.

This raises the question of a possible failure of the long term U.S. policy of maintaining democratic freedoms and security for Taiwan and the Pacific region. Molli-fying Beijing in the short term may provide the path of least resistance, but Taiwan and the U.S. will pay a terrible price when the path ends.

Question:

Will you agree with me that our very ambiguous 'One China' policy has allowed a very determined and focused Beijing to gain momentum on the issue of control over the Taiwan Strait and Taiwan? Will you agree with me that it is time for the U.S. to re-evaluate its 'One China' policy to determine whether U.S. interests are being served by a policy that undermines Taiwan's democracy, and pushes Taiwan closer to Beijing? How do our assurances to Beijing that we support the ultimate unification of democratic Taiwan with the communist mainland affect the perceptions of our other allies in the region? For example, Japan has various disputes with Beijing, such as the territorial dispute over the Senkaku/Diaoyu Islands, and understandably views Beijing's military build up in the Taiwan Strait as a potential challenge to Japan's security. Will Japan feel compelled to reconsider its dependence on the U.S. for its security in the Pacific?

Response:

The United States's one-China policy, based on the three U.S.-PRC joint communiqués and the Taiwan Relations Act, has been followed by administrations of both parties for nearly three decades. We firmly believe that it is in our national interest to continue that policy.

Under our policy, the United States recognized the People's Republic of China on January 1, 1979, as the sole legal government of China and acknowledged the Chinese position that Taiwan is a part of China. At the same time, pursuant to the Taiwan Relations Act, the United States maintains unofficial relations with the people of Taiwan.

Although we acknowledge the PRC position that Taiwan is a part of China, we have never provided "our assurances" to Beijing that we support unification. The United States supports peaceful resolution of cross-Strait differences through dialogue and in a manner acceptable to people on both sides of the Strait.

The United States does not support Taiwan independence and opposes unilateral steps by either side to change the status quo. We are opposed to the threat or use of force by either side to attempt to resolve differences. Resuming the dialogue between the two sides is an important first step toward peaceful resolution of those differences.

In general, we do support referenda, which we view as an important element of the democratic process. Taiwan has had a number of referenda, which we have not opposed. However, the United States opposes this particular DPP UN referendum because we believe that it unnecessarily raises tensions in the Taiwan Strait without providing any real benefits for the people of Taiwan on the international stage. Even if it were to pass, there would be no change in Taiwan's ability to join the UN.

The U.S. continues to support Taiwan's full membership in international organizations that do not require statehood. We support Taiwan's meaningful participation, short of membership, in bodies where statehood is required and where Taiwan's absence causes gaps in the ability of the international community to address global challenges.

Our one-China policy has helped to bring about security and stability in the Asia-Pacific region and indeed the world. In addition to contributing to regional peace in the Pacific, our policy has helped facilitate Taiwan's economic growth, prosperity, democratic development and security; promoted exchanges across the Strait; allowed us to develop productive, cooperative relations with the PRC; and encouraged the PRC's responsible involvement in the global community. Our policy is supported by Japan, Britain, Canada, Australia, and other allies and friends.

Our ultimate goal remains to create conditions favorable for peaceful resolution of cross-Strait differences. So long as the security environment remains stable, there is opportunity for dialogue and hope for long-term reconciliation.

WRITTEN RESPONSES FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE STEVE CHABOT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Question:

First, I would like to thank you for your service to this country and particularly for your efforts to respond to the humanitarian crisis continuing in the Darfur region. Last August, I was fortunate to travel to the Darfur region with Congresswoman Jackson Lee and Congressman Adrian Smith.

While there, we had reason to believe that the Sudanese government and the rebel groups were serious about working to end the crisis. Our optimism was fueled by a series of events that transpired prior to and immediately following our trip to the region in August, including passage of U.N. Security Council Resolution 1769. However, efforts by the international community, including efforts by the United States, to enforce the sanctions and hold the Sudanese government accountable have gone unheeded.

In fact, disturbingly, the Sudanese economy continues to grow, with the support of other nations, including India, China, Malaysia. Moreover, the inaction on the part of many leading nations, including those in the European Union and the wealthy oil producing nations, to provide the equipment and infrastructure needed to allow the UN hybrid force to be effective sends the wrong message to the Sudanese government that the international community is not serious about curtailing the crisis.

My question to you is why should we continue providing economic assistance and aid to those countries that do not support, and to a much greater extent undermine, our efforts or those of the UN? What more can Congress do to ensure that adequate funding is being provided by all nations to end this crisis?

Response:

The USG is actively pursuing multiple diplomatic options to ensure that UNAMID has adequate support to effectively implement its mission to protect the people of Darfur. The U.S. itself has committed \$100 million above and beyond its assessed UN dues to help train and equip African troop contributing countries for the UN-Africa Union Mission in Darfur (UNAMID). We are working with partners from Canada, the UK, France, Netherlands, and Italy to identify additional partner support for these activities. We are also pushing additional UN member states to pledge personnel and equipment directly for UNAMID. We are hopeful that additional resources for UNAMID, in particular helicopters, will be forthcoming very soon.

U.S. sanctions against the Government of Sudan (GOS) continue to be an important part of United States Government (USG) foreign policy with respect to Sudan. Since its designation as a State Sponsor of Terrorism in 1993, Sudan has been subject to a broad range of U.S. sanctions, including, for example, restrictions on foreign assistance and a ban on defense exports and sales. In addition, in 1997, Executive Order (E.O.) 13067 imposed a trade embargo against Sudan and a total asset freeze against the Government of Sudan.

More recently, in October 2006, the President signed into law the Darfur Peace and Accountability Act (DPAA). To implement certain provisions of the DPAA, the President signed E.O. 13412 to maintain sanctions on the National Congress Party (NCP)-controlled GOS.

In addition to sanctions against the GOS, the United States has worked through domestic law and the United Nations to designate individuals, including rebels, responsible for committing violence in Darfur under an assets freeze and travel ban. We placed seven individuals under these restrictions under U.S. law and we have designated four of them under US-sponsored UNSCR 1591.

Question:

Madame Secretary, I know you are quite familiar with the case of Tom Sylvester, a gentleman from Cincinnati whose daughter Carina was kidnapped by her mother in 1995 and taken to Austria, where she remains today.

I have discussed this case with you, with Secretary Albright, and with Secretary Powell. I hope we can resolve this case before I have to address it with another Secretary of State.

Tom has not seen Carina for over a year. He did not see her at all in 2007, saw her only once in 2006 and has not been able to talk to her on the telephone since 2005. As a father, I cannot fathom how a human being could be put through such anguish.

As you know, the Austrian government has failed miserably in addressing this outrageous human rights violation and Tom is no closer to resuming a relationship with his child than he was in 1995.

I hope you will use your influence with the Committee of Ministers at the Council of Europe on Mr. Sylvester's behalf and I hope that you will be willing to sit down with us soon to accelerate our efforts in this case.

I want to add, Madame Secretary, that I have worked with Ambassador Maura Harty on the Sylvester case for the last several years and my staff and I appreciate her professionalism and her commitment to reuniting Tom with his daughter.

Response:

We recognize the frustration and sadness that Mr. Sylvester has endured for the past 13 years in his struggle to gain access to his daughter in Austria. We understand that Mr. Sylvester had a very positive visit with Carina in Austria in January 2007. Although this is not a solution, we hope it is a positive step in resolving this extraordinary case. Until that time, we will continue to press his case publicly and privately with the Austrian government and in other International Parental Child Abduction (IPCA)-related fora, stressing the Government of Austria's failure to enforce a court order in a Convention case. This year, the Sylvester case was listed in the Notable Cases section of the 2008 Hague Compliance Report, and we intend to continue to pursue the case to resolution. We will continue to closely monitor the progress of Mr. Sylvester's case, raise concerns at the highest possible levels, and provide all support possible to Mr. Sylvester within our legal and regulatory limits.

WRITTEN RESPONSE FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTION SUBMITTED FOR THE RECORD BY THE HONORABLE JOE WILSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Question:

I want to commend your efforts on the International Relations Budget for Fiscal Year 2009 and to respectfully inquire into an outstanding issue for Fiscal Year 2008.

As I understand it, there currently is a hold on \$100 million in Foreign Military Financing (FMF). Egypt is a strong United States' strategic ally and partner for Israeli-Palestinian peace and in the region and yet we've placed conditions on FMF for Egypt.

The recent breach on the border between Egypt and Gaza was unsettling to the Egyptians, Israelis and the United States. Resealing and securing the border is a priority of Egypt and the United States needs to remain supportive. Egypt utilizes a significant portion of FMF funding on border security, and to their credit have taken the recommendations of the US Government to dedicate an additional \$23 million in FMF to be dedicated to border security equipment purchases.

Egypt has a high stakes role in the border discussion taking place with Hamas and the Palestinian Authority, and in maintaining the active role of the Palestinian Authority and European Monitors at the border crossings. President Mubarak prior to the breach at Rafah engaged Quartet Envoy Tony Blair and stressed the importance of improving the daily lives as a way to secure the support of the Palestinian people for peace.

Egypt is integral to the resolution of the Palestinian-Israeli conflict and overall regional peace. President Hosni Mubarak engaged Palestinian President Mahmoud

Abbas and Jordanian King Abdullah II in a three-way summit to coordinate stances prior to the Annapolis Conference. The 850 Egyptian troops sent to Darfur are another positive step in Egypt's contributions to peacekeeping and regional security.

Madam Secretary, where do we stand in executing a national security waiver to the conditionality on aid to Egypt?

Response:

I will carefully consider whether to issue a waiver. Egypt is a vital strategic partner in the Middle East. Egypt has long played an important role in advancing regional peace, and its support is essential to the success of our operations in Iraq and Afghanistan. I also recognize the great importance of Egypt undertaking judicial and police reform and curbing smuggling along the Gaza border.

Please Note that subsequent to the February 13, 2008 hearing, the Deputy Secretary of State waived the conditionality restrictions on Egypt's aid on March 4, 2008.

WRITTEN RESPONSES FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Question:

In unprecedented fashion, Secretary Gates publicly and vigorously supported your request for international affairs funding. Secretary Gates observed that funding civilian agencies is critical to set the long-term conditions for peace, and the U.S. Government must bolster civilian capacity in order to create better balance between civilian and military efforts in the war on terror. What steps are you taking to ensure that the State Department has the capacity described by Secretary Gates? Do you believe it is necessary to create a proper balance between military and civilian efforts? And finally, were Congress to fully fund the 150 account, would the State Department have the capacity to undertake those tasks described by Secretary Gates?

Response:

President Bush's Fiscal Year 2009 Foreign Operations Budget for the Department of State, the U.S. Agency for International Development (USAID) and other foreign affairs agencies totals \$26.1 billion, an increase of 8.9 percent over the total Fiscal Year 2008 enacted to date, including emergency funding, or 14.3 percent over the FY 2008 enacted base. This increase reflects a determined effort to enhance civilian instruments of national security—including the capacity of our civilian agencies, with staff increases for the Department of State and the largest requested increase in USAID's operational budget in nearly two decades—and our development, reconstruction, and security assistance. If fully funded, we would be better positioned to fully complement the military's efforts worldwide.

Development now plays an essential role in America's foreign policy. The charge I have given to our diplomatic corps is a long-term development goal—to help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and behave responsibly toward their people and the international system. Development assistance programs are crucial to addressing the conditions that terrorists exploit for recruitment and ideological purposes. Thus, in the 21st century, human development is not only a moral imperative, it is a central pillar of our national security.

I would also like to specifically mention the State Department's Civilian Stabilization Initiative (CSI) that is included in the President's budget request. CSI is the product of the work of 15 agencies, including Defense, to build the full complement of U.S. government expertise necessary to respond to a stabilization crisis and to promote effective rule of law, economic stabilization and transitional governance in weak and failing states.

As noted above, the FY 2009 request demonstrates our strong commitment to fighting poverty, with a focus on strengthening democratic governance and promoting economic growth. With the requested resources, the Department of State, USAID and other foreign affairs agencies strive to create the conditions conducive to sustained progress in governance, economic growth, and human capacity, recognizing that countries that move in this direction become our partners in fostering global peace and prosperity. We strongly urge Congress to fully fund this request, and believe that if fully funded, we will begin to achieve the necessary civilian and military balance critical to long-term success.

Question:

The President's budget request apparently would fund 1076 positions. Your Under Secretary for Management, Under Secretary Kennedy, has reported that all of these positions—be they public diplomacy, civilian stabilization initiative, language training, or training in the military—will be new positions in the Foreign Service. The Under Secretary also reported that all of these new positions are designated for FY2009. As you know, we currently have about 8000 Foreign Service positions in the State Department. Is it really possible or advisable to ramp-up by an additional 1076 positions in one year? What will be the long-term costs of this increase? Have we adequately planned our new embassies to accommodate this huge increase in staffing?

Response:

The Department currently has over 11,000 Foreign Service positions. If funded by Congress in FY 2009, the Department will immediately begin the process of recruiting and hiring qualified personnel to fill the 1,543 additional positions described in the FY 2009 budget (including positions funded by Machine Readable Visa fees and the Educational and Cultural Exchange Programs account). This type of surge is unprecedented, but the Department would make every effort to hire this large number of employees during FY 2009, as we have done previously. In 2002, for example, the Department brought on more than 900 new employees, including 360 Foreign and Civil Service Officers as part of the Diplomatic Readiness Initiative, 51 IT security professionals, 12 positions devoted to Counterterrorism, 98 fee-funded Border Security positions, and 389 security personnel funded by the Worldwide Security Upgrades account. And just last year, more than 500 permanent Civil Service personnel were hired to handle the surge in passport demand. The Foreign Service Institute has done contingency planning in anticipation of a larger intake and is prepared to provide the necessary training for new Foreign Service and Civil Service personnel.

The 1,543 new positions in the FY 2009 budget request are split between Foreign Service positions and Civil Service positions. For the new Foreign Service positions, the Department will rely on its existing hiring register, as well as the faster, redesigned Foreign Service intake process that was introduced in September 2007. The new online Foreign Service Officer Test is being offered three times a year, rather than just once, significantly reducing the time between the exam and the oral assessment and enabling us to in-process personnel more quickly. Utilizing these two components, the Department expects to be able to hire the approximately 820 new Foreign Service employees, along with those required to replace attrition. The approximately 720 Civil Service positions described in the FY 2009 budget will be advertised on OPM's USAJOBS website and hired by the relevant bureaus or offices, including passport agencies across the country. The Department expects to budget \$50 million in annualization costs in its FY 2010 request for appropriated funds.

In addition to supplementing our diplomatic posts throughout the world—many of which have been operating with vacant positions—roughly 200 of our requested Foreign Service positions will be detailed to military commands and other inter-agency assignments. We have also designated 300 Foreign Service positions for long-term language training at the Foreign Service Institute (FSI).

Question:

Congress is hearing growing criticism from colleagues abroad that the U.S. counterterrorism strategy focuses on security and military issue rather than development. Secretary Gates alluded to this problem when he aptly observed that the U.S. Government requires a massive strengthening of "soft power" instruments to effectively execute the war on terror. For example, in countries like Sri Lanka, the U.S. is providing up to \$10 million in counterterrorism funds, but less than \$3 million in development funds. How do you propose to balance short-term security needs with long-term development requirements in countries of concern? What are you doing to ensure that soft power instruments are brought to bear as robustly as military tools?

Response:

It has become clear that the security and well-being of Americans is inextricably linked to the capacity of foreign states to govern justly and effectively. The U.S. Government can no longer draw neat, clear lines between security interests, development efforts, and democratic ideals. With proper focus and coordination, we can achieve both our development, diplomatic, and security objectives without sacrificing the principle of long term development for shorter term objectives. In the past, there was a perception that development policy and foreign policy objectives were entirely separate and typically at odds. Poverty reduction, good governance, and capacity building for sustainable long term success are long-held development goals. Foreign

policy goals also now recognize that lasting peace and security cannot be achieved unless we expand opportunities for all citizens of the global community to live hopeful and prosperous lives. A driving purpose behind the establishment of the Office of the Director of U.S. Foreign Assistance was to strengthen the U.S. commitment to long term development. One of the key principles of foreign assistance reform is to ensure that State/USAID resources support shared goals, and that our planning, budgeting, management and implementation processes for foreign assistance capitalize on the respective strengths of State and USAID.

I believe that the FY 2009 budget demonstrates our commitment to long term development needs. The budget reflects increased investments aimed at expanding the community of stable, democratically-governed, and prosperous nations. This emphasis is reflected in the request for Development Assistance account, which is nearly 60% higher than the President's FY 2008 request. Funding for programs to consolidate democratic gains has been increased by 27% from FY 2008 enacted levels. Funding for programs that expand economic freedom, help countries open their markets, and spur growth has been increased by nearly \$94 million. To use your example, in Sri Lanka, the FY 2009 request includes a total of \$2.5 million in the International Narcotics Control and Law Enforcement, Foreign Military Financing, International Military Education and Training, and Nonproliferation, Anti-Terrorism, Demining and Related Programs accounts and \$4 million in Development Assistance account.

The United States is on track to double assistance to sub-Saharan Africa between 2004 and 2010 to \$8.7 billion—the FY 2009 request reflects a 25% increase (without the Global HIV/AIDS Initiative) compared to the FY 2008 requests. Similarly, the Western Hemisphere region saw a \$41 million increase (without the Merida Initiative and GHAI) from the FY 2008 request.

Question:

We all applaud the decline in casualties in Iraq, both for the U.S. and for Iraq. The larger purpose of the surge, however, was to create the political space for Iraqi politicians to pursue national reconciliation. How do you assess their success at achieving this goal so far? How do you assess trends in relations among the Kurds, Sunni Arabs, and Shia Arabs, both in parliament and elsewhere? How close are the Iraqis to achieving provincial powers law? A provincial elections law?

Response:

The military and diplomatic surge in Iraq helped create a greater degree of security and stability, which permitted diverse groups of Iraqi politicians to work together. Although progress has not been as fast as we would like, these politicians have enacted key pieces of legislation. For example, on February 13, after long debate, Iraq's Council of Representatives (CoR) passed the Provincial Powers Law, the 2008 budget, and an Amnesty Law.

The Provincial Powers Law defines the authorities of Iraq's provincial, district, and local governments. It also requires that the parliament pass an Elections Law within 90 days of the Provincial Powers Law's passage and requires provincial elections be held no later than October 1, 2008. The law will apply to provincial councils only after elections are held. The Elections Law was recently approved by the Iraqi Cabinet and has been submitted to the CoR for approval.

The Amnesty Law sets provisions by which Iraqis held in Iraqi detention facilities can be released. (The Amnesty Law addresses the issue of transferring MNF-I detainees to GOI control, but does not otherwise apply to detainees held in MNF-I detention facilities.) Most detainees are Sunni.

Compared to last year's budget, the 2008 budget includes a 23 per cent increase for security ministries, a 31 percent increase for ministerial capacity development, and a 60 percent increase for provincial governments. The latter reflects the steady progress provincial governments made in 2007 in executing their capital budgets. Provincial governments will be allowed to carry unspent 2007 capital allocations into 2008, giving them generous funding on which to draw.

The three laws were voted on in the CoR as a package resulting from political compromises by Iraq's main political blocs. These three laws represent the nuances of Iraq politics and exemplify how Shia, Sunni, and Kurd sects are willing to work together to pass legislation that will ultimately aid in national reconciliation.

Question:

How do Iran's neighbors view the Iranian threat? How committed are Gulf and other Arab states to ensuring that Iran does not attain nuclear weapons capacity? Are the Gulf states tacitly assisting Iran to reduce the impact of international sanctions, for example, by offering banking services to Iran? If so, what is the U.S. doing to try to halt such leakage? The UAE has traditionally been a major transit point

for goods flowing in and out of Iran. How would you describe the current state of Iranian-UAE commercial relations?

Response:

All of Iran's neighbors in the Gulf view Iran—because of its size, oil wealth, ideological fervor, and military and intelligence capabilities—as a major regional power and a potential threat to regional stability, although these countries differ about the best approach to take in countering that power. Some believe that isolating Iran is counter-productive, although they tend to support some pressure on Iran to create incentives to minimize destabilizing Iranian behavior. Recognizing that Iran is a powerful neighbor, the smaller Gulf countries are reluctant to provoke the Iranian regime, and generally avoid public statements or actions that could have this effect. Because of its size and wealth, Saudi Arabia is less intimidated than its Gulf neighbors by the Iranian threat but sees Iran as a rival for regional political influence. Gulf countries generally believe Iran is attempting to use de-stabilizing policies in Iraq to increase Iranian and Shia political influence there. Many of these countries have significant Shiite populations, who are potentially vulnerable to Iranian influence.

Because of the nature of this relationship, the Gulf Arab countries are extremely concerned about Iran acquiring nuclear weapons. Again, however, various Gulf states have reacted to this in different ways, based on calculations of how best to confront the Iranian threat while balancing domestic and regional security priorities. Qatar, for example, has at times attempted to play a mediating role between Iran and the United Nations Security Council, which was evident when Qatar cast the lone vote opposing the Council's adoption of Resolution 1696 (2006). However, Qatar joined consensus in supporting the two follow-on resolutions, UNSC Resolutions 1737 (2006) and 1747 (2007), which imposed legally-binding Chapter VII sanctions on Iran. The United Arab Emirates has publicly stated that Iran has the right to peaceful nuclear technology. However, the UAE has recently enacted an Export Control Law and is in the process of implementing it. It is putting in place enforcement regulations and the US will provide training in this regard. The combination of the law and effective enforcement should enable the UAE to exercise vigilance to guard against suspect shipments to Iran and elsewhere. The UAE takes seriously its obligations to implement the UN Security Council Resolutions pertaining to Iran and is a participant in the Proliferation Security Initiative. In November 2007, Saudi Arabia offered Iran the opportunity to join Gulf Arab states in a consortium that could produce enriched uranium jointly in a third country, under international monitoring, and eliminate Iran's argument for indigenous uranium enrichment.

Individual strategic concerns will continue to guide each Gulf Arab country's response to the Iranian nuclear threat. Despite fears about Iranian power in the region, there are also longstanding commercial and cultural ties between Iran and its Arab Gulf neighbors that pre-date the Islamic revolutionary regime in Tehran. However, high-level U.S. officials have stressed to Gulf nations the risks that Iran poses to financial institutions and the importance of vigilant scrutiny over Iran-related transactions. The third round of UN sanctions, imposed by the Security Council this March, has provided a multilateral context in which Gulf countries can take active measures to reduce Iranian banking activities. Since this resolution was adopted, and in the wake of two Financial Action Task Force warnings about the lack of money laundering and terror finance protections in Iran's banking sector, many public and private financial institutions in the Gulf have scaled back their Iran-related business. We do not believe that there is a coordinated effort to use Gulf banking services to relieve the pressure of sanctions on Iran but we continue to raise awareness of Iran's threats to international bank and urge countries to take strong measures to protect their banking sectors.

The UAE has significant trade ties with Iran, largely focused on the re-export and transshipment of goods. As a result of recent measures against Iran's banks, many merchants are finding it difficult to obtain letters of credit to do business with Iran. Nevertheless, trade between the UAE and Iran is expected to reach up to \$14 billion this year.

Question:

The President's budget either maintains or increases every former Soviet state's aid with exception to the Republic of Armenia, which would receive a cut in aid under the President's budget. Both Georgia and Azerbaijan have increases in their foreign aid. What is the President's justification for cutting aid to Armenia, which is subject to a dual blockade while increasing aid to Georgia and Azerbaijan?

Response:

Within the FY 2009 assistance request for Eurasia, funding is prioritized to help the most reform-oriented countries in the region—Georgia, Ukraine, and Moldova—by promoting economic and energy independence, helping to diversify export markets, and improving democratic governance in the face of increasing Russian economic and political pressure.

While funding for the Eurasia region as a whole has declined sharply over the last several fiscal years, reductions to the Armenia budget have not declined as drastically. The reduced request for FY 2009 does not detract from the critical importance of Armenia to U.S. interests nor does it signal a change in U.S. policy. Rather, the request level meets the country's development needs and is appropriate within the context of assistance priorities within the region and around the globe. Armenia has made real progress on reversing rural poverty; nevertheless, the government's commitment to reform is not as strong as others in the region and the country still struggles with rampant corruption and with weak democratic institutions.

Within the Caucasus, the Administration's request prioritizes funding for Georgia. Led by a Western-oriented government, U.S. assistance is intended to help Georgia consolidate its democratic, economic, and social reforms, address rural poverty, encourage the peaceful resolution of its separatist conflicts, and strengthen Georgia's economy while decreasing its dependence on Russia as an export market and for energy resources. The FY 2009 request for Georgia (\$67.1 million) is a five percent increase over FY 2008 enacted levels.

The FY 2009 request for Azerbaijan (\$24.7 million) reflects a decrease of eight percent from FY 2008 enacted levels. Excluding the funding Armenia receives as part of its \$235.65 million Millennium Challenge Corporation (MCC) Compact, the Administration's FY 2009 request for Armenia totals \$27.9 million. At the FY 2009 request level, the level of combined State Department-USAID assistance for Armenia will remain \$3.2 million higher than that for Azerbaijan.

WRITTEN RESPONSES FROM THE HONORABLE CONDOLEEZZA RICE, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE RON KLEIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Question:

I applaud your recent statements, acknowledging the crucial role that Arab States play in advancing the cause of peace and security in the Middle East. The public confidence that they place in President Abbas is critical to these efforts. Additionally, we must emphasize the importance of normalizing relations with Israel, and I give them credit for participating in the Annapolis conference, though a one day conference must only be the beginning.

I was pleased that you and the President discussed these issues with Egypt and Saudi Arabia in your visits to the region in January. However, I was disappointed that there was no public mention of the ongoing Egyptian negligence of the tunnels to Gaza. Did the President raise this issue with President Mubarak?

The recent crisis on the Egypt-Gaza border demonstrates the dangers of this negligence. Hamas operatives blew open the Gaza-Egypt border on January 23rd, allowing hundreds of thousands of Gazans to flood across, unchecked for 12 days. We have no idea what kind of weapons flowed across the border, and this is extremely concerning. Border towns like Sderot continue to suffer under the constant barrage of rockets, and I'm afraid that it may only get worse.

What are we doing to help end the attacks? What are we doing to encourage the Arab states to pressure Hamas? What are we telling the Egyptians they need to do on the border? What is Egypt doing to reseal the border? What is Egypt doing to prevent the exploitation of the Gaza-Egypt border to the point where terrorists could leave Gaza in order to enter Israel via Sinai? What can the U.S. do to help secure the Israeli-Egyptian border?

Response:

We continue to raise the issue of smuggling tunnels at the highest levels of the Egyptian government, to offer assistance to Egypt in its efforts to detect and destroy the tunnels and combat cross-border smuggling, and to encourage communication on the issue between Egypt, Israel, and the Palestinian Authority. Egypt has taken steps to combat the smuggling of weapons and fighters into Gaza since late 2007, including the closing of tunnel entrances, seizure of weapons and explosives, arrests of smuggling ringleaders, detention of foreign-trained militants attempting to tran-

sit Egypt into Gaza, construction of a 3.5 meter-high wall on the Egyptian side of the border, and the request to purchase tunnel detection equipment recommended by the U.S. Army Corps of Engineers.

It is also important to reiterate that Hamas—not Egypt—is responsible for the destruction of the border wall, the subsequent flows of weapons and fighters into Gaza amongst the civilian melee, the continued rain of rockets onto Israel, and the deterioration of security and humanitarian conditions in Gaza. We have repeatedly condemned Hamas' violent efforts to usurp the lawful authority of the Palestinian Authority and terrorize the state and citizens of Israel.

Question:

Egypt is a major recipient of U.S. military aid. Knowing that weapons are being smuggled into Gaza from Egypt, what assurances can you give that the weapons that Egypt buys with US military aid are not being smuggled? Can you describe the steps the U.S. takes to monitor the arms we provide to Egypt?

Response:

Egypt is required to sign end-use monitoring agreements for all U.S.-origin material it receives. These agreements allow the USG to perform inspections through the Department of State's Blue Lantern program and the Department of Defense's Golden Sentry program. Similarly, the Office of Military Cooperation (OMC) in Cairo has an active end-use monitoring program. Specifically, the OMC, in close coordination with the security assistance program officer, reviews and maintains copies of Egypt's physical security, and accountability control plan. We have engaged Egypt on several occasions regarding the protection of U.S.-origin defense articles and the need to meet security and end-use monitoring requirements in full.

Question:

In the past, Arab states have pledged hundreds of millions of dollars, but delivered very little. With oil prices at almost \$100 a barrel, oil-rich Arab leaders are flush with money. Saudi Arabia alone is expected to receive \$190 billion in oil revenue this year.

How many of the Arab states are actually paying their pledges to support the Palestinian Authority? What are we actually telling the Arab states about their treatment of Israel? Can you characterize our conversations with Arab states about normalizing relations with Israel? There was very little public information about the President's conversations with Saudi King Abdullah about high oil prices. Can you shed some light on how we plan to approach this issue in the future?

Response:

Following the March 2002 Arab League (AL) Summit in Beirut, Arab League countries, including Gulf oil producers, agreed to provide annual support to the Palestinians. From 2001 through 2007, Saudi Arabia has provided more than \$645 million. At the December 2007 Donor's Conference in Paris, Saudi Arabia pledged an additional \$258 million for the Palestinians for 2008, \$92.4 million of which is direct budget support. Thus far approximately \$62 million of this direct budget support has already been disbursed. Other Gulf nations have also contributed significantly. Since 2002, Kuwait has disbursed approximately \$200 million in assistance to the Palestinian Authority. The UAE pledged \$100 million in yearly budget support at the recent Donor's Conference in addition to numerous development projects and so far disbursed \$91.5 million. Qatar disbursed \$125 million in 2006–2007 and has pledged \$33 million yearly for 2008–2010.

We continue to engage wealthy Gulf nations on the need for assistance to the Palestinian Authority, and press them to ensure that these funds are not just promised, but actually given. We also encourage these same countries to develop constructive relationships with Israel. There have been some good developments in this regard. Qatar has an open relationship with Israel, which maintains a trade office in Doha. Omani Foreign Minister Yusef bin Allawi recently met with Israeli Foreign Minister Livni. We will continue to encourage these sorts of openings throughout the Gulf region.

President Bush has made clear both his concern about high oil prices and the fact that this is a key topic of discussion when he meets with King Abdullah of Saudi Arabia. We will continue to encourage oil producing countries to maintain the highest levels of production possible. We believe this is their long-term interest, as well as ours.

Question:

I have the honor and responsibility of serving as the co-Chair with Mr. Pence of the Congressional Taskforce Against Anti-Semitism. Our Taskforce monitors trends

in anti-Semitism, and we pay particular attention to how the State Department deals with trends in global anti-Semitism. The administration's effort in documenting anti-Semitic incidents around the world is extremely helpful in helping us combat the spread of anti-Semitism.

As you well know, an office within the State Department that is tasked with monitoring Global Anti-Semitism was created in 2004 by the Global Anti-Semitism Review Act, introduced by Congressman Tom Lantos. This office produced a one-time report, required by the legislation, which documented acts and instances of anti-Semitism around the world and what the government response was.

Since 2004, there have obviously been further developments, and the Taskforce has been informed that another report is forthcoming. United States embassies would surely utilize this information to understand events that occur in their host countries and this is important to members of Congress in order for us to better monitor events around the world.

When will this report be available to Members of Congress? With anti-Semitic incidents increasing in Latin America, Eastern Europe, Australia and the Arab world, how does the State Department plan to train our diplomats to combat the spread of this intolerable trend?

Response:

On March 13, we provided to Congress a report on *Contemporary Global Anti-Semitism*, which is available at <http://www.state.gov/g/drl/seas>. The report is thematic in nature and, using illustrative examples of contemporary forms of anti-Semitism, provides a broad overview of anti-Semitic incidents, discourse and trends. The report documents traditional forms of anti-Semitism such as those associated with Nazism, but also discusses new manifestations of anti-Semitism, including instances when criticism of Israel and Zionism crosses the line into anti-Semitism. The report covers anti-Semitism in both government and private media, and within the United Nations system. It concludes with a review of governmental and nongovernmental efforts to combat the problem.

The report is meant to serve as a resource for increasing understanding of contemporary forms of anti-Semitism and for shaping strategies to combat this growing problem worldwide.

The Department also regularly reports on anti-Semitism in the Country Reports on Human Rights and the International Religious Freedom Report, both of which are also available at www.state.gov.

We are committed to excellence in democracy and human rights training. Improving the incentives and rewards for service in the Democracy, Human Rights and Labor Bureau (DRL) and strengthening training in Human Rights and Democracy promotion has been a DRL priority. DRL has been working with the Foreign Service Institute (FSI) on an ongoing basis. Finally, DRL has established a Democracy and Human Rights Training Working Group, along with FSI, USAID's Bureau for Democracy, Conflict and Humanitarian Assistance, and the Office of the Director of U.S. Foreign Assistance, to review, assess and recommend further strengthening of our training.

Question:

National Intelligence Director Michael McConnell said that influence from the three countries—led respectively by Mahmoud Ahmadinejad, Fidel Castro and Hugo Chavez—has spilled into Bolivia, Nicaragua and Ecuador, which “are pursuing agendas that undercut checks and balances” of democratic governments.

The NY Sun newspaper reported last week on the developments in the Iranian-Nicaraguan relationship. According to the article, Iranian Revolutionary Guard operatives, designated as a terrorist entity by the United States last year, reportedly have been moving in and out of Nicaragua. The article documented one instance where a Nicaraguan minister allowed 21 Iranian men to enter secretly without passport processing.

Obviously, this is a relationship between two sovereign nations, however, are you concerned about the security implications that the growth of this relationship poses, both for Latin America and for the United States?

Response:

As a sovereign nation, Nicaragua makes its own decisions regarding the nature of its bilateral relations. While the promises of assistance from countries like Iran have yet to materialize, our commitment to the Nicaraguan people remains strong, as evidenced by our \$175 million millennium challenge compact, \$15 million in U.S.-provided disaster assistance following Hurricane Felix, and a host of ongoing bilateral assistance programs.

We are aware of the overtures the FSLN government appears to have made to invite Iranian investment, but our embassy has seen little evidence of any serious interest on the part of Iran. We will remain vigilant, but beyond the protocolary level of President Ahmadinejad's January 2007 visit, we have no indication that Tehran's engagement constitutes a serious threat to U.S. security to date.

We will continue to encourage Nicaragua of the benefits of choosing international partners that share the democratic aspirations of the Nicaraguan people, that abide by international commitments, and that are responsible members of the global community.

PREPARED STATEMENT OF THE HONORABLE GENE GREEN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

Thank you Mr. Chairman for holding this hearing, and I want to thank Secretary Rice for being here to discuss the President's International Affairs Budget Request for Fiscal Year 2009.

I also wanted to take a minute to mention how sad I am at the passing of Chairman Lantos.

As the only Holocaust survivor ever elected to Congress, he was a great champion of the oppressed.

It has been a privilege to serve on this committee with him as our Chairman.

He was a great American and will truly be missed.

It is no secret that the United States' foreign relations are highly influential on the world scene.

Given our military deployment in Iraq and Afghanistan, U.S. foreign policy is the subject of much debate, criticism, and praise both domestically and internationally.

The International Affairs budget covers funding for U.S. international activities including international peacekeeping efforts, aiding developing nations, and providing military assistance to allies—just to name a few.

The President's budget provides \$39.5 billion in non-emergency funding for appropriated international affairs programs, an increase of 16.1 percent above the 2008 level.

I applaud the President's proposed funding increase for several of the successful initiatives and programs that the State department and USAID oversee, but I do have some concerns over a few of his proposals.

The President has proposed an increase in funding for the global fight on HIV/AIDS, Malaria, and Tuberculosis to 30 million dollars over the next five years.

I support the President's proposed increase, but this is just a start if we are going to seriously address these diseases internationally.

The President has also proposed the establishment of an International Clean Technology Fund.

This Fund will help developing countries increase their use of efficient and renewable technologies over the next three years.

With the release of the latest International Panel on Climate Change report, there is clear scientific consensus that human activities, and particularly the burning of fossil fuels, have increased emissions of atmospheric carbon dioxide (CO₂) and other trace greenhouse gases, which contribute to global warming.

The Congress has devoted a significant amount of time this year to developing the best policy response to this serious situation.

Our country should invest in technology that would lower our carbon dioxide emissions and I support encouraging other countries to do so as well.

The President has also requested funding for the Merida Initiative, a multi-year plan for 1.4 billion dollars in U.S. assistance to Mexico and Central America to combat drug trafficking and other criminal organizations.

Representing a district in Texas, I believe that this could be a successful and necessary program.

However, there are still concerns in this Congress and the Mexican Congress about how this initiative will be implemented, and this committee, in particular, is still sifting through these issues.

In addition, I am concerned about the President's proposed decrease in funding for peacekeeping efforts in Darfur.

The crisis in Darfur, which for nearly five years has been fueled in large part by the government of Sudan's armed forces and its proxy Janjaweed militias, has already displaced over 2.5 million Darfurians, including over 140,000 in 2007, and has cost hundreds of thousands of lives.

Just this week alone, I've heard from several of my constituents who are very concerned with the crisis in Darfur.

Now is not the time to reduce the much-needed funding for peacekeeping efforts there.

Again, I thank the Secretary for being here, and I look forward to your testimony.

PREPARED STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS

Thank you, Mr. Chairman, for convening today's important hearing. I would like to begin by expressing my profound sadness at the passing of Chairman Lantos. It has been my extreme privilege to serve on this Committee under Chairman Lantos' leadership, and I hope that we will continue to work to uphold the protection of human rights and civil liberties, both here in America and throughout the world, to which he dedicated his life and his congressional service.

I welcome Secretary of State Condoleezza Rice. Your service to our country as the 66th United States Secretary of State is historic, much appreciated, and respected by every Member of this Committee and all Americans who understand how important it is for the United States to use its status as the world's sole superpower and its enormous assets—diplomatic, economic, political, military, and moral—in the cause of global leadership for peace, justice, and security. I look forward to your testimony and having the opportunity to probe your views in depth. Thank you again for being here.

For the past five years, the Bush Administration has led the United States into the largest budget deficits our nation has ever seen and the 2009 FY Budget Proposal does nothing to bring balance to our ever-growing national debt. It saddens me to see President Bush building a legacy of deficit and debt, which will continue to plague the American people for years to come. The President's FY 2009 budget proposal includes significant cuts for homeland security, energy assistance, and health care for seniors, working families, and veterans. We cannot support a budget that continues to neglect the important services that are essential to the American public. As an active Member of Congress, I will continue to ensure that we send a budget that protects the vitals services that the American people need and deserve and upholds the standards of fiscal responsibility, of which our nation can be proud.

Mr. Chairman, the State Department's budget seeks to bring "hope to millions who live under oppressive poverty, face starvation, battle disease and suffer the consequences of conflict and insecurity." The overview to the budget request explicitly draws the link between persistent global instability and civil conflicts, disease, and poverty. It cites the convergence of moral and security arguments for foreign assistance under "transformational democracy," defined as "a world of democratic well-governed states that respond to the needs of their citizens, reduce widespread poverty, and behave responsibly toward their people and toward the international system." Mr. Chairman, truly moving towards transformational diplomacy is crucial for our nation because for too long under the Bush Administration we have acted unilaterally in military efforts such as the Iraq War.

Mr. Chairman, I am concerned that, while the President's budget proposes an overall increase for international affairs programs, this Administration's final budget represents a continued tendency to act alone rather than multilaterally. I welcome the significant increase in overall funding for international affairs programs, but I am concerned that the bulk of this funding is going to President Bush's own initiatives, such as the Millennium Challenge Account and the HIV/AIDS initiative, at the expense of core health and humanitarian assistance programs.

REDUCTIONS TO PEACEKEEPING/INTERNATIONAL ORGANIZATIONS

I am extremely concerned about reductions in the accounts to fund U.S. dues to the United Nations and to United Nations Peacekeeping Operations. I believe that these reductions come at a critical time, and have the potential to cause extensive harm to United States national security.

Mr. Chairman, at \$1.5 billion, the FY 2009 budget request is \$800 million below what the Administration is spending on United Nations peacekeeping in FY 2008. This drop in funding comes at a particularly crucial time, as peacekeeping operations are in the process of deploying in Sudan and Chad, and existent missions in Lebanon, Congo, Liberia, southern Sudan, Ivory Coast, and Haiti must be adequately maintained.

Mr. Chairman, I had the opportunity to visit Darfur in August. I saw first hand the immense suffering of the terrorized and displaced men, women, and children who cannot return to their homes and even in the camps live in fear of their lives. I have spoken to the courageous but grossly outnumbered African Union peacekeepers who are attempting to provide some sort of stability as the people wait for

the full deployment of the promised U.N. peacekeeping force. I continue to be extremely concerned about the situation in Darfur, and I am committed to ensuring that the United States government is doing its utmost to halt the suffering in Darfur, and to bring an end to the crisis. I am concerned about provisions in this budget *decreasing* U.S. commitments to UN peacekeeping missions, even as UNAMID is facing severe obstacles in its attempt to deploy into Darfur.

Also decreased under the Administration's FY 2009 budget is the request for voluntarily funded International Organizations and Programs. The Administration's budget requests cites the value of these commitments, which "advance U.S. strategic goals by supporting and enhancing international consultation and coordination," even as it decreases funding to \$276 million, down from over \$316 million in FY 2008.

Mr. Chairman, the international organizations and programs supported by this account are crucial to our national interests. Many programs address transnational issues, such as protecting the ozone layer or safeguarding international air traffic, which cannot be achieved unilaterally. Further programs, such as the United Nations Children's Fund (UNICEF) and the United Nations Development Program (UNDP), allow the United States the opportunity to multiply the influence and effectiveness of its contributions. United States' contributions form the core of the budget for both these organizations.

IRAQ

Mr. Chairman, perhaps no issue will more define this Congress than the ongoing war in Iraq. With the U.N. Security Council Mandate recently extended until December 31, 2008, authorizing the ongoing presence of U.S. troops in Iraq until that date, I believe it is extremely important that we look to the future of U.S.-Iraqi relations, as we work to bring our U.S. soldiers home.

The Administration's budget request proposes \$300 million in Economic Support Funds and \$75 million in International Narcotics and Law Enforcement funds for Iraq. These both represent significant decreases from the FY 2008 total funding, which came largely through supplemental appropriations.

Mr. Chairman, the United States will not and should not permanently prop up the Iraqi government and military. U.S. military involvement in Iraq will come to an end, and, when U.S. forces leave, the responsibility for securing their nation will fall to Iraqis themselves. Only the Iraqi government can secure a lasting peace. Time and time again, the Iraqi government has demonstrated an inability to deliver on the political benchmarks that they themselves agreed were essential to achieving national reconciliation. Continuing to put the lives of our soldiers and our national treasury in the hands of what by most informed accounts, even by members of the Bush Administration, is an ineffective central Iraqi government is irresponsible and contrary to the wishes of the overwhelming majority of the American people.

Our nation has already paid a heavy price in Iraq. Over 3959 American soldiers have died. In addition, more than 27,660 have been wounded in the Iraq war since it began in March 2003. This misguided, mismanaged, and misrepresented war has claimed too many lives of our brave servicemen; its depth, breadth, and scope are without precedent in American history. In addition, the U.S. is spending an estimated \$10 billion per month in Iraq. This \$10 billion a month translates into \$329,670,330 per day, \$13,736,264 per hour, \$228,938 per minute, and \$3,816 per second.

President Bush rationalized his surge, over opposition by myself and other House Democrats, by arguing it would give the Iraqi government "the breathing space it needs to make progress in other critical areas," bringing about reconciliation between warring factions, Sunni and Shia. However, non-partisan assessments have illustrated that escalating U.S. military involvement in Iraq is instead hindering that nation's ability to move beyond the devastation of war and death, to build a successful new government, and to create a stable and secure environment. In the months since the surge began, increased American military presence has not been able to end the relentless cycles of sectarian violence that continue to plague Iraq. Nor have larger numbers of U.S. troops been successful in unifying and strengthening the Iraqi government.

Mr. Chairman, it is time that we recognize that increasing numbers of troops will not solve the problems we continue to face in Iraq. We must make a concerted diplomatic effort to engage regional players, and work together, on a diplomatic level, to encourage economic and democratic progress, coupled with political stabilization and overall development. According to media reports, this budget proposal will create 1,076 new diplomatic jobs with the State Department. I also understand that this proposal would allow 450 State Department employees to undergo extensive

language training. I ask the Honorable Secretary to address this, and to discuss whether this acute need is reflected in the Administration's budget request.

PAKISTAN AND AFGHANISTAN

Mr. Chairman, as Co-Chair of the Congressional Pakistan Caucus, I have long advocated the need to ensure that Pakistan is stabilized, and that its leaders and people are adequately protected. Pakistan continues to be an important ally in the global fight against terrorism. As my colleagues are aware, former Pakistani Prime Minister Benazir Bhutto was assassinated on December 27, 2007, as she left a peaceful political rally, in an attack which also killed over 20 innocent bystanders. Her death came at a particularly critical time in the Pakistani political process, only two months after Ms. Bhutto returned to Pakistan from exile and was immediately attacked in a suicide bombing that killed over 130 people, and just over two weeks before Pakistan's democratic elections were scheduled to occur.

The assassination of Ms. Bhutto is a horrific tragedy for Pakistan and the world. It is essential that her killers be brought to justice immediately. Pakistan stands on the verge of momentous national elections, now scheduled to occur on February 18, 2008. Pakistan has seen serious political instability throughout the past year, weathering approximately 60 suicide bomb attacks, which killed nearly 800 people over the course of the year, in what has been called the worst political crisis since General Musharraf assumed power in a 1999 military coup.

There is a notable nexus between poverty and terrorism. If we want to truly have a Global War on Terror, then we must alleviate the terrorist attacks by bolstering our peace and security programs. Afghanistan is in a desperate humanitarian crisis. It has been left an extremely impoverished nation and is one of the world's poorest and least developed nations. The country has suffered tremendously: military unrest from Soviet invasion in 1979, subsequent conflicts thereafter coupled with severe drought in 1998–2001 and more recently, growing Taliban strength which led the US to consider longer tours and even a troop surge.

After enduring decades of violence and hardship, the people of Afghanistan continue to live in a climate of ongoing turmoil, particularly in the southern regions of the country, where there are ongoing and dangerous clashes between coalition-led forces and insurgents. Despite our positive efforts, the Taliban has been able to reorganize, and continues destabilize the country.

These unfortunate realities remind us of the need to continue U.S. programs in Afghanistan, as well as the necessity of continually studying and revising our involvement to ensure that taxpayer dollars are being put to the best possible use. If the United States is to ensure that Afghanistan is secure and stable in the long run, we must address the underlying causes of persistent violence, including the still-flourishing opium trade and the nation's lack of infrastructure.

It is important, as we balance the budget, to focus special attention on the desperate situation in this region, and to allocate the necessary resources to strengthen the Global War on Terror and implement the necessary strategies to reach our goal of transformational diplomacy.

The President's budget request for FY 2009 proposes approximately \$800 million for Pakistan, as well as \$1 billion for Afghanistan, both consistent with the FY 2008 funding levels (not including supplemental appropriations). These numbers represent 38% and 48% of the total request for South and Central Asia, respectively. While the Administration is requesting a significant increase for Economic Support Funds for both nations, it is worrying that this will come at the expense of the elimination of the Development Assistance Account for both countries. This funding, according to the Administration, will go toward education, health service delivery, rural development, and other social services, all of which are crucial to U.S. efforts in both countries.

CHILD SURVIVAL AND HEALTH AND DEVELOPMENT ASSISTANCE

Mr. Chairman, as Chair of the Congressional Children's Caucus, I am extremely concerned about significant cuts to the Child Survival and Health Programs fund. The President's FY 2009 request of \$1.577 billion represents a 9% decrease from FY 2008 funding levels. This total will include funding for interventions to address HIV/AIDS, malaria, tuberculosis, and other infectious diseases, as well as maternal and child health and nutrition, family planning, and the needs of vulnerable children.

The President's FY 2009 budget straight-lines funding for development assistance, and it contains deep cuts for nations in Africa and South Asia caught amidst extreme poverty, malnutrition, and conflict. While I am pleased to see increased funding for Afghanistan and Pakistan, I am concerned that these gains came at the cost

of an 80% cut from last year's level for funding for South Asia's development assistance.

MIGRATION AND REFUGEE ASSISTANCE

Mr. Chairman, I would also like to raise the issue of the Administration's proposed significant decreases to funding for Migration and Refugee Assistance. These deep cuts come in the midst of a worldwide surge in the number of refugees, with extreme crises facing Iraq and Darfur in particular. The Administration's request of \$764 million for refugee assistance would represent a cut of \$260 million, or 25.4%, in comparison with last year's totals, and would likely require expanded funding to be appropriated through a supplemental request.

Mr. Chairman, despite repeated calls for increased admissions of Iraqi refugees, the Administration's budget proposal holds the line on spending for refugee resettlement, and would likely fund admissions for only 60– to 80,000 refugees worldwide. Having recently spent time on the ground with refugees living in camps in Darfur and Chad, I would like to see the budget figures represent the reality of the global refugee situation. I do not believe the President's budget request positions our nation to help to meet the needs of the growing number of people displaced by conflict, poverty, disaster, or other extreme circumstances, particularly those in Darfur and in Iraq.

CONCLUSION

Mr. Chairman, while the President's FY 2009 overall request provides an overall increase for the International Affairs Budget, I am extremely concerned about the channeling of funding into the President's special initiatives at the expense of core health and humanitarian assistance programs. These latter accounts, which also include refugee assistance, will face significant funding cuts under the President's proposal, while the Administration's failure to increase funding for long-term development accounts aimed at combating global poverty put these projects in jeopardy as well.

Mr. Chairman, we are at a crucial moment in global history. Large scale warfare, together with civil conflicts, natural disasters, famine, and poverty, has created an acute need for programs and services that are severely threatened by the Administration's budget. I hope to hear from the Honorable Secretary to about why the Administration has chosen to decrease funding for these vital programs and services.

Madam Secretary, I look forward to your informative testimony. Thank you, Mr. Chairman. I yield back the balance of my time.

